



MUTALE MUNICIPALITY-LIM342

2014-2015

ANNUAL REPORT 2014/15

Chapter 1

TABLE OF CONTENTS

Chapter 1

Executive Mayors Foreword.....	Page 3-4
Municipal Manager's overview.....	Page 5
Municipal functions, population and environmental overview.....	Page 6-8
Service delivery Overview.....	Page 8-10
Financial Health Overview.....	Page 11-12
Organizational Development.....	Page 12-13
Audit and Performance Committee Report.....	Page 14-16

Chapter 2

Governance.....	Page 17-35
-----------------	------------

Chapter 3

Service Delivery Performance.....	Page 36-82
-----------------------------------	------------

Chapter 4

Organizational Development Performance.....	Page 83-96
---	------------

Chapter 5

Financial Performance.....	Page 97-118
----------------------------	-------------

Chapter 6

Auditor General Audit Opinion.....	Page 119-130
------------------------------------	--------------

Appendices.....	Page 131
Performance of Service Provider 2014/2015	Page 131-132
Organisational Performance Scorecard	Page 135-152

Volume II Annual Financial Statements.....	Page 152-275
--	--------------

Chapter 1

CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD

MAYOR'S FOREWORD

The **2014/2015**- financial year was a key milestone in the term of office for councilors who came in 2011.

The financial year also becomes key in that it is seen as the year that places us as Mutale Local Municipality councilors to report on what we delivered in our term of office as the term of Council draws to a close, which will form the basis of the citizen's report as public will vote in 2016- local government elections.

When I table this report to council, I am giving an account on behalf of the councilors to the community on how we have delivered on the mandate and commitments that we made to our people.

It is in this annual report that explains the deliverables, and how we have managed to push back the frontiers of poverty within Mutale Local Municipality.

When our people voted us into power as the governing party, the African National Congress, they did so knowing that we will be able to work together with them in addressing their challenge and expectations. They also knew that since the needs are huge, as their representatives deployed in council, we will address them head on despite the daunting resource challenges we face as the Municipality.

The integrated development planning (IDP) is our compass that shows us direction of where services are needed most. It is because of existence of this master plan that houses, electricity, refuse removal water, road and storm water, sanitation and free basic services were provided during the under review.

Lastly, this annual report serves as a platform for us to account as well as getting feedback for this financial year. I want to thank members of council, staff and community leaders on the good manner in which we operated in the financial year **2014/2015**.

This is indeed the realization of the commitment to govern together with the people. Together let's move Mutale Local Municipality forward.

(Signed by :) _____
Mayor Cllr Rambuda A.ST1.0.1



Chapter 1

1.1. MUNICIPAL MANAGER'S OVERVIEW

MUNICIPAL MANAGER'S OVERVIEW

The Annual Report for the financial year 2014/15 provides an account on the performance of the municipality during the financial year. The annual account is informed by our IDP priorities which were budgeted for and became part of our service delivery and budget implementation plan (SDBIP).

Administratively the municipality managed to implement its programmes and plans which enabled it to meet the majority of its targets and objectives.

While the major challenge to the municipality providing a more improved service delivery remains poor revenue basis, inability to attract and retain skilled and strategic staff, the municipality managed to fill some of these key vacant positions in finance and technical services. This resulted in a more improved administrative system. We were however not able to fill the vacancy of section 56/57 manager Corporate Services. This constituted a major hindrance to having an efficient and effective administrative system. Staff capacity is however being improved through training and development programmes.

Despite all these seemingly insurmountable obstacles the municipality has been able to meet its deliverables thus meeting its reporting targets i.e. monthly, quarterly, mid and annual year reports. Through forward planning and teamwork we manage to steer the ship in the desired direction.

The Back to Basics approach to service delivery has greatly improved the pace and focus on the provision of key areas of basic service delivery. The filling of PMU positions enabled the unit to improve project implementation and management, monitoring and evaluation which enhanced the desired output and impact to beneficiaries i.e. communities. Noticeable improvements have been recorded in the management of environmental and traffic services though additional working tools and man power will be the most desired solution.

Financial management continues to improve with the filling and continuous training and development of skilled and competent staff. Our financial systems and policies as well as our reporting is guaranteeing sound financial management that is gradually improving our opinion status.

Governance both administratively and politically has seen much improvement over the financial year. The political administration interface has been very cordial. All governance structures have operated as per their legislations with maximum administrative support.

Challenges faced during the year under review include delay in the completion of projects under implementation which resulted in the termination of services of some service providers. This resulted in depriving communities of the much-awaited better services particularly in access streets and roads projects.

Another major challenge was with regard to internal labour disputes which took place during the last months of the financial year. These work stoppages negatively affected service delivery. Fortunately they were later resolved in the first quarter of the 2015/16 financial year.

The perennial challenge of the municipality remains our low revenue base which contribute to not



Chapter 1

being able to provide basic services as we should had we been able to improve it. Exploring revenue enhancement strategies with our community input and support will be a recommendation seriously worth considering to improve this unfavourable situation This is critical as it leaves the municipality almost completely dependent on grants most of which are conditional. Also, we are unable to recruit and retain key strategic positions critical to driving performance to a higher level.

Notwithstanding the impediments that the municipality faced and continue to face performance of the municipality has been impressive with much room for improvement.

Municipal Manager

T1.1.1

1.2. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Mutale Municipality falls under Vhembe District Municipality, which is composed of four local municipalities i.e. Makhado, Musina, Mutale and Thulamela municipality however, Mutale municipality covers 2 367.19 km²:22° 35' S 30° 40' E). Vhembe District Municipality is the Water Services Authority and Water Services provider, the District plans, constructs and operates water and sanitation services in Mutale

The responsibility of electricity provision rest is with ESKOM. The COGHSTA department is responsible for housing provision. However in all the above basic services, the municipality play s the pivotal role of coordination. The municipality is responsible for refuse removal, LED, Roads and Storm Water and Local Planning. In this regard refuse collection was done at Tshilamba and Masisi town including clinics and schools and public drop-off points at different villages. When it comes to LED, Awelani eco-tourism project was completed and CWP was implemented at wards 11 and 12. With regard to storm water drainage 15 culverts were constructed in all wards using labour intensive method (EPWP).

On Local planning the municipality is responsible for the Town Planning function; Land-use Management Applications; Building Control; Geographical Information System and Survey. The unit is aimed at promoting and guiding spatial and physical development of the municipality by provision integrated, strategic, developmental and regulatory frameworks through implementation of Land Use Management Scheme and spatial Development Frameworks. The municipality has currently two Nodal points which are Tshilamba and Masisi. The municipality is normally assisted by provincial government and Vhembe District Municipality in provision of planning services. However during the year under review, the municipality did not execute any major planning work due to economic situation the province has found itself in. nonetheless the municipality has continued to provide small scale planning services such as change of rural land use and demarcation of sites approved by COGSTA.



Chapter 1

T1.2.1

Population Details									Population '000
Age	2011/12			2013/14			2014/15		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Age: 0 – 4	6029	5987	12016	6470	7654	14124	6515	7707	14222
Age: 5 – 9	5794	5680	5680	8818	7365	16183	8879	7416	16295
Age: 10 – 19	12125	11 408	11781	14487	15141	29628	11882	15246	27128
Age: 20 – 29	6846	8 209	15055	7228	9336	16564	7278	9401	16679
Age: 30 – 39	3566	6062	11775	4752	6409	11161	4785	6453	11238
Age: 40 – 49	2870	4683	7553	3011	5524	8535	3032	5565	8597
Age: 50 – 59	1884	3202	5086	2023	2750	4773	2037	2769	4806
Age: 60 – 69	1193	1914	3107	1422	1807	3229	1431	1819	3250
Age: 70+	1245	3177	4422	257	818	1075	258	823	1081
Source: Statistics SA									
T 1.2.2									

Socio Economic Status						
Year	Housing Backlog as proportion of current demand	Unemployment Rate	Proportion of Households with no Income	Proportion of Population in Low-skilled Employment	HIV/AIDS Prevalence	Illiterate people older than 14 years
2012/13	21%	64%	41%	30%	0,9%	6%
2013/14	29%	45.3%	59.5%	76.6%	1%	11.5%
2014/15	29%	30.2%	59.5%	76.6%	1%	11.5%
T 1.2.3						

Overview of Neighbourhoods within Mutale Municipality'		
Settlement Type	Households	Population
Towns		
Masisi	250	1500
Tshilamba	770	4350
Sub-Total	1020	5850



Chapter 1

Townships		
Tshandama	538	3228
Tshilamba	770	4350
Masisi	250	1500
Sub-Total	1558	9078
Rural settlements		
150 Villages	22930	137580
Sub-Total	22930	137580
Informal settlements		
Sub-Total	0	0
Total	25368	152208

T 1.2.4

Natural Resources	
Major Natural Resource	Relevance to Community
Vegetation	Collection of firewood and provide grazing land for domestic animals
Rivers	Used as catchments for the supply of raw water to treatment plants for the supply of portable water and also day to day running of households (bathing, washing clothes, irrigation e.t.c)
Minerals (e.g. Coal)	Used by Industries during clay bricks processing and production of electricity by Eskom

T 1.2.5

COMMENT ON BACKGROUND DATA:

The municipality has three major Natural resources which are Rivers, Vegetation and Mineral resources.

- In order to provide portable water to the community, the municipality has blocked two rivers and build two treatment plants in Nwanedi and Mutale. Challenges faced by the municipality with regard to waters resources is that the municipal area is generally dry and agricultural activities taking place on the mountainous area are impacting on the service. People are also littering the rivers with dipers rendering the water contaminated for daily usage.



Chapter 1

- Vegetation provide alternative means of energy to household not connected to available Eskom network and provide grazing land for domestic animals in the municipality. Main plants includes Marula, Mutavhatsindi and baobab trees which improves tourism potential of Mutale as there is big tree in Tshipise The challenge is that, agricultural activity is encroaching onto much vegetation causing deforestation which could lead to reduction of such important natural resource, people are also cutting down Mopani tree at an alarming rate which is causing deforestation also leading to climate change.

T1.2.6

1.3. SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

The Technical department is composed of Five divisions which are: 1.Water and Sanitation, 2.Roads and Storm Water, 3.Housing and Electricity, 4.Planning AND 5.Mechanical Workshop. Vhembe District Municipality is a Water Service Authority and Provider.

• No of households electrified during this financial year	860
• No of households provided with water during the financial year	VDM
• No of new houses built in the municipality during the financial year	0
• No of households provided with sanitation.	764
• No of households provided with refuse removal in the financial year.	1 105
• No of villages provided with access roads in the municipality.	150
SERVICE BACKLOGS	
1. WATER BACKLOGS	BACKLOG
• Backlogs to be eliminated(no of households receiving below minimum standard of services)	9810
• Backlogs to be eliminated(percentage identified as backlog)	41%



Chapter 1

2. SANITATION BACKLOGS	
<ul style="list-style-type: none"> Backlogs to be eliminated(no of households receiving below minimum standard of services) 	0
3. REFUSE REMOVAL BACKLOGS	
<ul style="list-style-type: none"> Backlogs to be eliminated(no of households receiving below minimum standard of services) 	22 646
<ul style="list-style-type: none"> Backlogs to be eliminated(percentage identified as backlog) 	95%
4. ELECTRICITY BACKLOGS	
<ul style="list-style-type: none"> Backlogs to be eliminated(no of households receiving minimum standard of services) 	4710
<ul style="list-style-type: none"> Backlogs to be eliminated(percentage identified as backlog) 	20%
5. HOUSING BACKLOGS	
<ul style="list-style-type: none"> Backlogs to be eliminated(no of households receiving below minimum standard of services) 	7340
<ul style="list-style-type: none"> Backlogs to be eliminated(percentage identified as backlog) 	30.9%

FREE BASIC SERVICES

SERVICE	NO. OF HHS BENEFITTED (2014/2015)
1.Water	519
2.Sanitation	23 751
3.Electricity	1 487
4.Refuse removal	42
T 1.3.1	



Chapter 1

Proportion of Households with minimum level of Basic services				
	2011/12	2012/13	2013/14	2014/15
Electricity service connections	84%	88%	90%	80%
Water - available within 200 m from dwelling	74%	88%	89%	59%
Sanitation - Households with at least VIP service	100%	100%	100%	100%
Waste collection - kerbside collection once a week	13%	13%	5%	5%

COMMENT ON ACCESS TO BASIC SERVICES:

Water& Sanitation is the function of VDM as Authority and Provider. Electricity reduced by 3.6% between year -1 and year 0. Housing reduced by 0% between year -1 and year 0. Refuse removal remained the same due to lack of the required resources.

T1.3.3

1.4. FINANCIAL HEALTH OVERVIEW

Mutale Municipality is a rural municipality with high volume of the outstanding consumer debts. These lead to financial burden with none and / or under - payment for services.

During the financial year under review further work was done to improve the financial sustainability of the municipality. This includes:

- Reviewing and updating of all financial policies, particularly the debt collection policy in line with the identification of cash constraints due to low revenue collection rates as our top risk.

- Ongoing cost curtailment. The general expenditure cost category remains the focus of cost curtailment and 7 % less was spent against operational budget.

- Ongoing cash management. Cash balances are monitored on an ongoing basis and this year saw the municipality closing with more cash than the previous year, an amount of R 50.7m was generated from operations. A current ratio of 2:1 was achieved during the year under review. This indicates the municipality's ability to settle all operational expenditure from current cash resources.

The municipality achieved a surplus of R39.2m for the year under review.



Chapter 1

T 1.4.1

Financial Overview: Year 2014/15			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants	93 120 000	96 425 882	87 807 916
Taxes, Levies and tariffs	0	0	0
Other	11 830 696	11 353 666	8 065 078
Sub Total	104 950 696	107 779 548	95 872 994
Less: Expenditure	70 927 406	70 619 614	65 872 193
Net Total*	34 023 290	37 159 934	30 000 801
* Note: surplus/(defecit)			T 1.4.2

Operating Ratios	
Detail	%
Employee Cost	52%
Repairs & Maintenance	2%
Finance Charges & Impairment	9%
T 1.4.3	

COMMENT ON OPERATING RATIOS:

Employee costs are not within acceptable norms. The organogram of Council is reviewed on an annual basis and only positions that are affordable are funded on the structure. The municipality has serious capacity constraints in certain function areas and additional positions have been created for during the year under review.

Repairs and Maintenance expenditure are not at acceptable levels and as part of the multi-year budget, increased allocations will be made to repairs and maintenance. The National Treasury norm is that 8% of the carrying value of assets must be provided for as repairs and maintenance. Whilst allocations for repairs and maintenance are increased on an annual basis, it is unlikely that these targets will be met over the medium term.

T1.4.3



Chapter 1

Total Capital Expenditure: Year -2 to Year 0			
			R'000
Detail	Year 12/13	Year 13/14	Year 14/15
Original Budget	33 567 100	28 428 000	18 543 150
Adjustment Budget	34 586 344	47 028 214	18 007 212
Actual	21 672 473	31 456 880	77 931 007
			<i>T 1.4.4</i>

1.5. ORGANISATIONAL DEVELOPMENT OVERVIEW

ORGANISATIONAL DEVELOPMENT PERFORMANCE

The organizational structure of mutale municipality was reviewed during the 2014/2015 financial year to ensure the filing of strategic positions, viz PMU Manager, IDP Manager, HR Manager & Risk Officer

T1.5.1

1.6 STATUTORY ANNUAL REPORT PROCESS

No.	Activity	Timeframe
1	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	31 December
2	Consider & approve, reject or refer back the annual report at a council meeting	31 January
3	Place the annual report on the municipal website for inputs	5 February
4	Oversight Committee assesses Annual Report	31 March
5	Council adopts Oversight report	
6	Oversight report is made public	
7	Oversight report is submitted to relevant provincial councils	
8	Annual Report and Oversight reports to be used as input on commencement of draft budget/IDP finalization for the next year.	1 April



Chapter 1

T1.6.1

COMMENTON THE ANNUAL REPORT PROCESS:

The Municipality endeavours to support the new annual report process being developed by National Treasury as far

T1.6.1.1



Chapter 1



Audit and Performance Committee Report to the Council for the financial year ended 30 June 2014

We are pleased to present our report for the financial year ended 30 June 2014.

Audit committee members

The Audit and Performance Committee has met four times during the financial year under review, in compliance with the approved terms of reference. The Internal Auditor is the permanent invitee to the Audit and Performance Committee, and has unrestricted access to bring any matter within their scope and responsibility to the attention of the committee.

The members of the audit committee are all independent members of the Municipality and include:

Name of the Member	Status
Mr. K.P Ravhudzulo CA(SA)	Chairperson
Mr. N.A Dzuguda - Bcom	Member
Adv. MO Nemugumoni	Member
Ms. F Tshikhudo – Bcom – Appointed: 01 June 2014	Member

Audit committee responsibility

The audit and performance committee reports that it has complied with its responsibilities arising from section 166 of Municipal Finance Management Act, 2003, (Act 56 of 2003), section 79 of Municipal Structures Act 117, 1998 (Act 117 of 1998) and paragraph 14 (2)(a) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 and the King III Report on the Best Practices on Corporate Governance for South Africa. The audit and performance committee also reports that it has adopted appropriate formal terms of reference as its audit and performance committee charter, and regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The systems of internal controls applied by the Municipality over financial and risk management are not effective and efficient. In line with the MFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls of the Municipality have been fairly designed, however they are not efficient and effective. This is as a result of inadequate risk management process, as well as failure to identify corrective actions and suggested enhancements to the controls and processes.

From the Audit Report of the Auditor-General South Africa on the annual financial statements of the municipality, it was noted that the Municipality did improve the audit opinion from prior year disclaimer audit opinion to qualified audit opinion for the year under review. The Audit Committee would like to commend the municipality Council and Management for the improvement. We further recommended that management implement an action plan to address all the findings raised by the Auditor General in order to strengthen the efficiency and effectiveness of the systems of internal controls over financial reporting.

Chapter 1

Evaluation of Annual Financial Statements

The audit and Performance committee has:

- Reviewed and discussed the audited annual financial statements to be included in the annual report, with the Auditor-General and the Municipality management;
- Reviewed the Municipality compliance with legal and regulatory provisions;
- Reviewed the Auditor General's management report and audit report
- Reviewed significant adjustments resulting from the audit.

Internal audit

The audit and performance committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the Municipality and its audits. Internal audit performed the audit of internal controls of the Municipality and through the information provided. The Audit and performance Committee is concerned with the effectiveness of the internal controls during the financial year. The Committee has noted that there is a lack of monitoring, oversight and implementation by Management in managing internal controls.

Risk management

The Audit and performance Committee is satisfied that risk management is continually improving within the Municipality. However, management needs to ensure that there is improved co-ordination between risk management and strategic planning functions, so that resources can be allocated in an optimal manner to address the top risks of the Municipality.

Pre-determined objectives

The Audit and Performance Committee is satisfied that preparation and reporting on pre-determined objectives of the Municipality is continually improving. It was recommended that continuous training should be provided to the Performance Management System Officers.

Auditor-General of South Africa

The Audit and Performance Committee in consultation with management, agreed to the terms of the engagement. The audit fee for the external audit has been considered and approved taking into consideration such factors as the timing of the audit, the extent of the work required and the scope.

The audit and performance committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues. The committee concur with and accept the Auditor-General of South Africa's report on the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa. The auditors remain independent throughout the financial year.

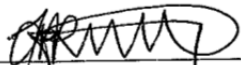
Reporting

The Audit and performance Committee submitted quarterly reports to the Municipality Council, reporting on matters attended to during the relevant quarter.

Chapter 1

Appreciation

The Audit and performance Committee wishes to thank Municipality management and the staff for their continued commitment to improve effective control environment and good governance of Municipality. Our appreciation is also extended to the team from the AGSA for the value that they continue to add to the Municipality.



Mr K.P Ravhudzulo CA(SA)
Chairperson



Chapter 2

CHAPTER 2 – GOVERNANCE

INTRODUCTION TO GOVERNANCE

1. Sections 40 and 41 of our Constitution provide:-

“40 Government of the Republic

(1) In the Republic, government is constituted as national, provincial and local spheres of government which are distinctive, interdependent and interrelated.

(2) All spheres of government must observe and adhere to the principles in this Chapter and must conduct their activities within the parameters that the Chapter provides.

41 Principles of co-operative government and intergovernmental relations

(1) All spheres of government and all organs of state within each sphere must -

- (a) preserve the peace, national unity and the indivisibility of the Republic;
- (b) secure the well-being of the people of the Republic;
- (c) provide effective, transparent, accountable and coherent government for the Republic as a whole;
- (d) be loyal to the Constitution, the Republic and its people;
- (e) respect the constitutional status, institutions, powers and functions of government in the other spheres;
- (f) not assume any power or function except those conferred on them in terms of the Constitution;
- (g) exercise their powers and perform their functions in a manner that does not encroach on the geographical, functional or institutional integrity of government in another sphere; and
- (h) co-operate with one another in mutual trust and good faith by -

- (i) fostering friendly relations;
- (ii) assisting and supporting one another;
- (ii) informing one another of, and consulting one another on, matters of common interest;
- (iv) co-ordinating their actions and legislation with one another;
- (v) adhering to agreed procedures; and
- (vi) avoiding legal proceedings against one another.

(2) An Act of Parliament must -

- (a) establish or provide for structures and institutions to promote and facilitate intergovernmental relations; and
- (b) provide for appropriate mechanisms and procedures to facilitate settlement of Intergovernmental disputes.

(3) An organ of state involved in an intergovernmental dispute must make every reasonable effort to

settle the dispute by means of mechanisms and procedures provided for that purpose, and must exhaust all other remedies before it approaches a court to resolve the dispute

4) If a court is not satisfied that the requirements of subsection (3) have been met, it may refer a

Chapter 2

dispute back to the organs of state involved.”

2. Broad Powers and functions of the municipality

Section 151(2) of the Constitution: The Executive and Legislative authority of a municipality is vested in its municipal council.

Section 156(1) of the Constitution: A municipality has executive authority in respect of, and has the right to administer –

- the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5 (of the Constitution); and
- any other matter assigned to it by national or provincial legislation.

Section 156(5) of the Constitution: A municipality has the right to exercise any power concerning a matter reasonably necessary for, or incidental to, the effective performance of its functions.

3. Governance is about “how” an organisation is run. In the running of Mutale, a clear distinction is made between the politically elected structure (Councillors serving on the Council which is responsible for the oversight and legislative function of the municipality, as well as those matters which it has retained as its own functions. Other elected Councillors serve as full time office bearers involved in the day-to-day running of the Municipal Council from the political perspective, namely the Mayor with his Mayoral Committee) and the administration.

The Council is chaired by the Speaker. The executive is headed by the Mayor with his Mayoral Committee of five(4) members(councilors and 3 Sec 57 Managers. The structure of Council is laid out in greater detail later in this chapter.

The Administration is headed by the Municipal Manager, who is also the organisation’s Accounting Officer. Powers have been delegated to the different functions within the organisation to ensure that roles, responsibilities and decision-making powers are clear and unambiguous (see the notes below).

T2.0.1

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

INTRODUCTION TO POLITICAL GOVERNANCE

The political governance of Mutale Municipality comprises of the Mayor, the Speaker and the Chief Whip. The Executive Committee is responsible the identification and prioritisation of community needs and overseeing the implementation of budget and the IDP. During the year under review, the Municipality was sharing the Audit Committee with other local Municipalities and the District Municipality. The Oversight Committee was established in the form of MPAC and comprised of non-executive Members. The role of the MPAC is to interrogate the annual report and also to oversee the financial management of the Municipality. T2.1.1

Chapter 2

Photos

POLITICAL STRUCTURE

Function



Cllr Rambuda A.S

MAYOR



Cllr Netshipise L.H

SPEAKER



Cllr Nekhunguni A.E

CHIEF WHIP

Chapter 2

*Photos
(optional)*

EXECUTIVE COMMITTEE



Cllr Rambuda A.S



Cllr Netshisaulu A.G



Cllr Raluswinga TJ



Cllr Lieba N.A

COUNCILLORS

Mutale Municipal Council comprises of 26 Councilors including the Mayor and the Speaker. Out of the 26 Councilors, 13 are Ward Councilors and 13 are PR Councilors. There are three Portfolio Committees namely; Budget and Treasury, Corporate Support and Community Services and Infrastructure Development and Planning.



Chapter 2

Cllr Gadabeni R Ward 10 ANC
Cllr Khunwana KJ Ward 9 ANC
Cllr Lukhalimana PR Councillor PAC
Cllr Mariba PR Councillor DA
Cllr Matshusa AB PR Councillor ANC
Cllr Nepthali NH Ward 1 ANC



Cllr Mavhungu PR Councillor ANC
Cllr Munzhelele NP PR Councillor COPE
Cllr Mudzielwana NE Ward 02 ANC
Cllr Mpondo LD PR Councillor ANC
Cllr Mbedzi MP Ward 12 ANC
Cllr Padelani T.S Ward 4



Cllr Nekhubvi G. G Ward 13 ANC
Cllr Netshisaulu LM Ward 6 ANC
Cllr Tshivhenga KP PR Councillor ANC
Cllr Maishsa R. V Ward 5 ANC



Cllr Mawela N.J. PR Councillor Ward 07 ANC
Cllr Thambatshira A.S. ANC
Cllr Madumi T.S. PR Councillor

T2.1.2

POLITICAL DECISION-TAKING

Political decisions are taken in a formal Council meeting where all participating political parties in Council have equal opportunity to deliberate the items as per the agenda, after which a solution is adopted. Where consensus cannot be achieved, items are put to the vote after debate.

T2.1.3



Chapter 2

2.2 ADMINISTRATIVE GOVERNANCE

INTRODUCTION TO ADMINISTRATIVE GOVERNANCE

The head of municipal administration is the municipal manager who is also called the accounting officer. The main responsibility of the Municipal Manager is to provide strategic and administrative leadership to the Municipal administration. The Municipal Manager as the Accounting officer ensures the development of IDP as strategic plan of the Municipality. Furthermore, the Municipal Manager ensures proper financial management and provides direction during the compilation of municipal budget. Municipal Manager also ensures that the Municipality complies with applicable legislation such as the MFMA, MSA, and Structures Act and also with the reporting requirements.

Together with the other section 56 Managers reporting directly to the Municipal Manager, they constitute the top management of the Municipality. The role of other managers is to provide strategic leadership to their respective department.

T2.2.1

Photo

TOP ADMINISTRATIVE STRUCTURE TIER 1



**RAZWIEDANI S.S
MUNICIPAL MANAGER**

*Directors
Optional*

EXECUTIVE DIRECTOR:

Chapter 2



MR MARUTHA R.M
CHIEF FINANCIAL OFFICER

DIRECTOR:CORPORATE SERVICES : Vacant



DIRECTOR: Technical Services
MR NEMUDZIVHADI M.E

Note: * denotes officials on fixed term performance contracts reporting to the Municipal Manager under the Municipal Systems Act Section 57.

COMPONENT B: INTERGOVERNMENTAL RELATIONS



Chapter 2

2.3 INTERGOVERNMENTAL RELATIONS

NATIONAL INTERGOVERNMENTAL STRUCTURES

The Municipality does not participate in National IGR Structures.

T2.3.1

PROVINCIAL INTERGOVERNMENTAL STRUCTURE

In line with the Intergovernmental Framework Act, Mutale Municipality participates in the following IGR Structures namely; Premier/ Mayors Forum and provincial Municipal Manager's Forum.

T2.3.2

RELATIONSHIPS WITH MUNICIPAL ENTITIES

Mutale Municipality does not have Municipal entities.

T2.3.3

DISTRICT INTERGOVERNMENTAL STRUCTURES

Mutale Municipality participates in District IGR Structure including municipal Managers forum. This has helped a lot in terms of resolving district wide challenges and sharing good practices.

T2.3.4

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION

Public Participation has become one of the key features of developmental government. This aspect has been entrenched in the Constitution of the country and Chapter 4 of the Municipal System Act, which then becomes a legislative requirement. Participation of affected and interested parties ensures that the IDP addresses real issues that are experienced by communities within the Municipality. Participation of the public in Local Government matters takes place through a structured manner hence the establishment of the IDP Representative Forum. A review of existing representatives will be made in order to involve stakeholders that were not included during the initial stage of planning process.

At the Local level, participation will be restricted to local communities, District municipality, Provincial and National Sector Departments, representatives of marginalized groupings and organized stakeholders. Like during the planning process, the local municipality will be responsible for arrangements and major link between the municipal government and communities.



Chapter 2

ACTIVITIES AND MECHANISMS

Public Participation has become one of the key features of developmental local government. This aspect has been entrenched in the Constitution of the country, White paper on Local Government 1998 and Chapter 4 of the Municipal System Act, which then becomes a legislative requirement. Participation of affected and interested parties ensures that the IDP addresses real issues that are experienced by communities within the Municipality. Participation of the public in Local Government matters takes place through a structured manner hence the establishment of the IDP Representative Forum. A review of existing representatives will be made in order to involve stakeholders that were not included during the initial stage of planning process.

T 2.4.0

2.4 PUBLIC MEETINGS

COMMUNICATION, PARTICIPATION AND FORUMS

Mutale municipality used the following mode of communication namely Print media; newsletter, notices, radio, Imbizo's and electronic media to inform the community of the processes and progress of the IDP review. Date of the meeting schedules of all IDP related structures, including the Ward committee Meeting, IDP process Plan, which is obtainable from municipality. In addition to other mechanism such as loud-hailing, the MLM also uses radio stations for advertising meetings, workshops, conferences, summits and other mechanism. Communication through the print media is done through local, regional and national newspapers, websites and newsletters.

Imbizos, IDP Rep Forum, Consultative and ward committee meetings are held as per approved process plan to give various communities time to participate and give inputs on IDP and service delivery processes. IDP Rep forum meetings and Imbizos are held once per quarter. Ward committee members and organized organization are trained annually on IDP and/or municipal planning processes. The municipal Imbizo and steering committee are also functional. The schedule of the municipal IDP and Imbizos are in Section F (6) of this document. There is a need for advocating and awareness campaigns on IDP process & its importance.

Ward committees have been established in each ward. There are 13 ward committees in Mutale Municipality and each of the 11 members including ward councilors who are chairperson's. The ward committees ensures that the needs of the communities are taken on board during the planning process of the municipality. The ward committees meet once in each month.

T2.4.1

WARD COMMITTEES



Chapter 2

The municipality has established 13 ward committees comprise of 10 members each. The main purpose of ward committees is to promote community involvement on issues relating to municipal governance and service delivery. Ward committee's play a key role during the IDP process particularly the analysis phase. Ward committee made valuable contribution during the budget process. 156 ward committee meetings were held during the year under review.

T2.4.2

Public Meetings						
Nature and purpose of meeting	Date of events	Number of Participating Municipal Councilors	Number of Participating Municipal Administrators	Number of Community members attending	Issue addressed (Yes/No)	Dates and manner of feedback given to community
Ward committee community meetings	Quarterly	26	13	150	Yes	Imbizos, IDP rep forums, territorial council meetings, Batho-pele
Ward committee Management meeting	Monthly	13	13	12	Yes	Quarterly ward committee meetings
IDP rep forums	Quarterly	26	12	70	Yes	IDP rep forum, public participation meeting for each ward
Council	Quarterly	26	15	20	Yes	Imbizos, IDP rep forums, territorial council meetings

T 2.4.3

COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

Meetings are effective as the communities are able to raise their issues, participation in the decision making and the municipality is able to report back to its community, resulting in good governance.

T2.4.3.1

2.5 IDP PARTICIPATION AND ALIGNMENT



Chapter 2

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	
T 2.5.1	

COMPONENT D: CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

The governance structure of Mutale municipality comprises of the council with 26 councilors, political management team: Mayor, Speaker and Chief whip. In addition there is an Executive committee consisting of four members, viz: Mayor and three heads of portfolio committee. The administration part is composed of the municipal manager and three Senior Managers reporting directly to the mm (Technical, finance and corporate services). The council is responsible for ensuring that the planning process is focused on priority issues, and it is strategic and implementation orientated and ensure that Sector requirements are adhered to. The Executive Committee, recommends the reviewed IDP and tables the Municipal Process Plan to the Council for approval. Governance structures and systems such as Internal Audit Unit, Audit committee and Oversight committee are functional in the Municipality.

T2.6.0



Chapter 2

2.6 RISK MANAGEMENT

There is a need for risk management so that risk assessment will be conducted regularly to identify emerging risks of the institution. A risk management strategy, which must include a fraud prevention plan, must be used to direct internal audit effort and priority, and to determine the skills required of managers and staff to improve controls and to manage these risks. The strategy must be clearly communicated to all officials to ensure that the risk management strategy is incorporated into the language and culture of the institution.

Risk Management in the municipality provides a framework to identify assess and manage potential risks and opportunities. It provides a way for managers to make informed management decisions.

The overall duty of the Risk Management Unit shall be to advice, monitor and oversee the entire risk management process in Mutale Municipality. The primary objective of the Risk Management Committee is to assist the Accounting Officer of the municipality in discharging accountability by reviewing the effectiveness of risk management process and providing recommendations for improvement within the Municipality Benefits of Risk Management

Review the risk management policy and strategy and recommend for approval by Council. Review the risk appetite and tolerance and recommend for approval by Council. Review the Municipality's risk identification and assessment methodologies to obtain reasonable assurance of the completeness and accuracy of the risk register. Evaluate the effectiveness of mitigating strategies to address the material risks of the Municipality.

The Risk management Unit assists the municipality in achieving its objectives by using systematic; disciplined approach to evaluate and improve the effective management, control and governance processes. This is done through the implementation of approved Risk Management strategy and Anti-Fraud and Corruption strategy. Currently the municipality does not have a Risk Management Officer; however internal audit is executing the duties of Risk Officer.

The Municipality's top five (5) risks:

- Data loss and IT security measures.
- Lack of financial viability
- Lack of feedback and input by community and the municipality on service delivery
- Non adherence to internal controls
- Delayed and uncoordinated land development



Chapter 2

2.7 ANTI-CORRUPTION AND FRAUD

FRAUD AND ANTI-CORRUPTION STRATEGY

The Mutale Municipality has measures for the prevention, detection, deterrence and management of fraud and corruption or any other dishonest activities of a similar nature and for fair dealing in matters pertaining to such.

The Mutale Municipality is firmly committed to dealing with fraud and corruption or any other dishonest activities of a similar nature and deal equally with officials from inside and outside the Council. In addition there will be no distinction made in investigation and action between allegations of financial misconduct and other allegations of impropriety

Fraud and corruption is an ever-present threat to service delivery and hence it must be a concern to all employees, Councilors, service providers and members of the public. Fraud and corruption may occur internally or externally and may be perpetrated by anybody including employees, members of the public, councilors, consultants, suppliers, contractors or development partners, individually or in collusion with others.

- ✚ The Municipality has an Audit Committee appointed in line of sec 166 of the MFMA;
- ✚ The committee consists of four members appointed during the financial year.
- ✚ The municipality share the Audit committee with the Vhembe District Municipality

The Audit committee met three times during the financial year 2014/15 2.7.1

2.8 SUPPLY CHAIN MANAGEMENT

OVERVIEW SUPPLY CHAIN MANAGEMENT

Note: MFMA section 110-119; SCM Regulations 2005; and relevant MFMA circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money and minimize the opportunities for fraud and corruption.

Supply Chain Management Processes are being updated on an ongoing basis to ensure full compliance with the MFMA and the Regulations issued under the MFMA. The Head of Supply Chain is currently undergoing MFMA classes to compliance fully with the MFMA Regulations on Minimum Competency levels. The SCM policy was again reviewed during 2014/2015. To further strengthen controls, the policy dealing with the acceptance of grants, donations and sponsorships will be considered during the upcoming financial year. This policy will guide all SCM role- players relative to sections 47 and 48 of the MFMA SCM Regulations. Municipality does not have standing bid committees. No councilors serve on any SCM committee.



Chapter 2

A total of 06 full bids and 25 formal written quotations were processed during the year under review. The average turnaround time on the awarding of bids is 75 days. Deviations from policy must comply with the requirements and be reported to Council. In the limited number of cases that this occurred, it was for justifiable reason and all such cases are reported to Council.

T2.8.1

2.9 BY-LAWS

By-laws Introduced during Year 0					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
None	N/A	N/A	N/A	N/A	N/A
None	N/A	N/A	N/A	N/A	N/A
None	N/A	N/A	N/A	N/A	N/A
None	N/A	N/A	N/A	N/A	N/A

*Note: See MSA section 13.

T 2.9.1



Chapter 2

2.10 WEBSITES

Municipal Website: Content and Currency of Material		
Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	07/06/2013
		04/03/2014
All current budget-related policies	Yes	07/06/2013
The previous annual report (Year -1)	Yes	03/04/2013
The annual report (Year 0) published/to be published	No	To be published
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes	16/08/2013
All service delivery agreements (Year 0)	Yes	19/02/2014
All long-term borrowing contracts (Year 0)	Yes	26/03/2014
All supply chain management contracts above a prescribed value (give value) for Year 0	Yes	25/06/2014
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 1	No	N/A
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	N/A
Public-private partnership agreements referred to in section 120 made in Year 0	No	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes	11/11/2013
		21/01/2014
		24/04/2014
		29/08/2014
T 2.10.1		



Chapter 3

CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

INTRODUCTION

Mutale Municipality performs the following function as its key priorities services, Roads and Storm water, Waste Management, Municipal Planning services. Water and sanitation services are rendered by district Municipality as is a water services Authority and provider. The municipality facilitates the provision of Electricity and Housing. The Municipality has during the year under review implemented and facilitated the development of the following projects: Masisi street paving phase 2, Tshilamba street tarring phase 2, Mutale Ext.1 Ring road and Tshixwadza sports facility and facilitate electrification of 860 Households.

T3.0.1

COMPONENT A: BASIC SERVICES

This component includes: water; waste water (sanitation); electricity; waste management; and housing services; and a summary of free basic services.

INTRODUCTION TO BASIC SERVICES

The Municipality together with other spheres of government provide these basic services as outlined in table T3.0.1* *T3.1.0*

3.1. WATER PROVISION

INTRODUCTION TO WATER PROVISION

Vhembe District Municipality is the Water Services Authority and Provider. The Municipality did not include any service standards as part of service delivery standards on water provision.

T3.1.1

Chapter 3

Total Use of Water by Sector (cubic meters)					
	Agriculture	Forestry	Industrial	Domestic	Unaccountable water losses
2012/13	VDM	VDM	VDM	VDM	VDM
2013/14	VDM	VDM	VDM	VDM	VDM
2014/2015	VDM	VDM	VDM	VDM	VDM
					T 3.1.2

COMMENT ON WATER USE BY SECTOR:

Quantified used water by the sectors can be provided by Vhembe District Municipality as a water authority and provider.

T3.1.2.2

Households - Water Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	2014/15		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	24,469	24,469	23 751	VDM	VDM	VDM
Households below minimum service level	6,480	2,947	8 910	VDM	VDM	VDM
Proportion of households below minimum service level	26%	12%	41%	VDM	VDM	VDM
Informal Settlements						
Total households						
Households below minimum service level						
Proportion of households below minimum service level						
					T 3.1.4	



Chapter 3

Access To Water

Access to Water			
	Proportion of households with access to water points*	Proportion of households with access to piped water	Proportion of households receiving 6 kl free
2012/13	89%	72%	65%
2013/14	VDM	VDM	VDM
2014/15	VDM	VDM	VDM
T 3.1.5			



Chapter 3

Water Service Policy Objectives Taken From IDP								
Strategic Objectives	Key performance indicator	2013/14		2014/15				
		Target	Actual	Target	Actual	Variance	Reasons for variance/challenges	Measures to improve performance
<i>Households without minimum water supply</i>	VDM	VDM	VDM	VDM	VDM	VDM	VDM	VDM
<i>Improve reliability of water supply</i>	VDM	VDM	VDM	VDM	VDM	VDM	VDM	VDM
<i>Improve water conservation</i>	VDM	VDM	VDM	VDM	VDM	VDM	VDM	VDM
VDM POWERS AND FUNCTION								

Chapter 3

Employees: Water Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	VDM	VDM	VDM	
4 – 6		VDM	VDM	VDM	
7 – 9		VDM	VDM	VDM	
10 - 12		VDM	VDM	VDM	
13 - 15		VDM	VDM	VDM	
16 - 18		VDM	VDM	VDM	
19 - 20		VDM	VDM	VDM	
Total					
T3.1.7					

Financial Performance Year 0: Water Services					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	VDM	VDM	VDM	
Expenditure:		VDM	VDM	VDM	
Employees		VDM	VDM	VDM	
Repairs and Maintenance		VDM	VDM	VDM	
Other		VDM	VDM	VDM	
Total Operational Expenditure		VDM	VDM	VDM	
Net Operational Expenditure					
T 3.1.8					

Chapter 3

Capital Expenditure Year 0: Water Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	VDM	VDM	VDM	VDM	VDM
		VDM	VDM	VDM	VDM
Project A		VDM	VDM	VDM	VDM
Project B		VDM	VDM	VDM	VDM
Project C		VDM	VDM	VDM	VDM
Project D		VDM	VDM	VDM	VDM
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.1.9					

COMMENT ON WATER SERVICES PERFORMANCE OVERALL:

Water services are the function of the District Municipality as Authority and Provider.

T3.1.10



Chapter 3

3.2 WASTE WATER (SANITATION) PROVISION

INTRODUCTION TO SANITATION PROVISION

Waste Water is a District Municipality function. There are two Townships connected to sewer reticulation; Tshilamba and Mutale Extension 1. The oxidation pond is not adequate and they need to be upgraded.

T3.2.1

Sanitation Service Delivery Levels		
Description	2013/14 Outcome	2014/15 Actual
	No.	No.
Sanitation/sewerage: (above minimum level)		
Flush toilet (connected to sewerage)	930	910
Flush toilet (with septic tank)	535	193
Chemical toilet	601	100
Pit toilet (ventilated)	100	14 077
Other toilet provisions (above minimum service level)	11	7 900
<i>Minimum Service Level and Above sub-total</i>	2,178	23 180
<i>Minimum Service Level and Above Percentage</i>	63.1%	97.5%
Sanitation/sewerage: (below minimum level)		–
Bucket toilet	720	37
Other toilet provisions (below minimum service level)	535	0
No toilet provisions	15	38
<i>Below Minimum Service Level sub-total</i>	1,271	75
<i>Below Minimum Service Level Percentage</i>	36.9%	0.315%
Total households	3,449	23 751



Chapter 3

Households - Sanitation Service Delivery Levels below the minimum					
Description	2012/13	2013/14	2014/15		
	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.
Formal Settlements					
Total households	24,469	23 751	VDM	VDM	VDM
Households below minimum service level	1271	75	VDM	VDM	VDM
Proportion of households below minimum service level	36.9%	0.315%	VDM	VDM	VDM
Informal Settlements					
Total households					
Households below minimum service level					
Proportion of households below minimum service level	VDM	VDM	VDM	VDM	VDM
					T 3.2.4

Waste Water (Sanitation) Service Policy Objectives Taken From IDP									
Strategic Objectives	Annual Targets 2014/15	Year -1		Year 0			Year 1	2	
		Target	Actual	Target		Actual	Target		
		*Previous Year		*Previous Year	*Current Year		*Current Year	*Current Year	*Following Year
	(ii)	(iii)	(iv)	(v)	(vi)	(vii)	(viii)	(ix)	(x)
To facilitate with VDM that sewage ponds are upgraded by 2016	Number of households to sanitation	To be provided By Vhembe District Municipality	To be provided By Vhembe District Municipality	To be provided By Vhembe District Municipality	To be provided By Vhembe District Municipality	To be provided By Vhembe District Municipality	To be provided By Vhembe District Municipality	To be provided By Vhembe District Municipality	To be provided By Vhembe District Municipality



Chapter 3

T 3.2.6

Employees: Sanitation Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0
4 – 6	0	0	0	0	0
7 – 9	0	0	0	0	0
10 – 12	0	0	0	0	0
13 – 15	0	0	0	0	0
16 – 18	0	0	0	0	0
19 – 20	0	0	0	0	0
Total	0	0	0	0	0

Note: employees under sanitation are found at Vhembe District Municipality
T 3.2.7

Financial Performance 2014/15: Sanitation Services					
R'000					
Details	Year - 1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:	VDM	VDM	VDM	VDM	VDM
Employees		VDM	VDM	VDM	VDM
Repairs and Maintenance		VDM	VDM	VDM	VDM
Other		VDM	VDM	VDM	VDM
Total Operational Expenditure		VDM	VDM	VDM	VDM
Net Operational Expenditure					

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.2.8



Chapter 3

Capital Expenditure 2014/15: Sanitation Services					
Capital Projects	Year 2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	VDM	0	0	0	0
Upgrading of Mutale Ponds	R15000,00.00	0	0	0	0
Relocation of Phalama Ponds	R45000.00.00	0	0	0	0
<i>Note: Mutale municipality did not incur any capital expenditure on sanitation since this is a district function</i>					
					T 3.2.9

COMMENT ON SANITATION SERVICES PERFORMANCE OVERALL:

The Municipality has already engaged the District Municipality with regard to upgrading of the current state of sewer ponds as it raises the concern from the community and department of environmental affairs. 764 VIP toilets were constructed during the year under review.

T3.2.10

Chapter 3

3.3 ELECTRICITY

INTRODUCTION TO ELECTRICITY

Mutale Municipality does not have a licence to provide electricity, Eskom is the provider of electricity in all municipal areas.

T3.3.1

Electricity Services

Strategic Objectives	Key performance indicators	2013/14		2014/15			
		Target	Actual	Target	Actual	Variance	Reasons for failure / challenges
To ensure provision of minimum supply of electricity to all households	Number of households served with electricity	952	952	860	860	0	None

Employees: Electricity Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0
4 – 6	0	0	0	0	0
7 – 9	0	0	0	0	0
10 - 12	0	0	0	0	0
13 - 15	0	0	0	0	0
16 - 18	0	0	0	0	0
19 - 20	0	0	0	0	0
Total	0	0	0	0	0

Chapter 3

NB: The Municipality does not have an employee's dealing with electricity since it is not our competency, the Municipality only facilitate electricity projects with the community 3.3.6

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

Electricity provision is the competency of Eskom since the Municipality does not have a license in the area. However, Eskom is doing well in reducing the backlog. There is no formal agreement between Eskom and Municipality. 860 households in the whole municipality were connected to electricity during the year under review. T 3.3.9



Chapter 3

3.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)

INTRODUCTION TO WASTE MANAGEMENT

The municipality is currently rendering waste management services to only 1105 of the 23751 total households within its area of jurisdiction. The majority of the households receiving waste management services are found in formal townships and the rest from rural settlements. The Municipality is unable to render this service to the majority due to lack of resources including equipments, access roads and funds to execute the function. During the financial year 2014/ 2015, the municipality took position two on the greenest municipality competitions. There are increased community cooperative doing recycling within the municipality and communities are informed about this initiatives through environmental workshops. The municipality has a license for (1.) Gundani Land fill site , the municipality also wishes to (2.) extend waste removal service to other areas, (3) another site for waste disposal.

T3.4.1

Solid Waste Service Delivery Levels				
Description	2011/12	2012/13	2013/14	2014/15
	Actual	Actual	Actual	Actual
	No.	No.	No.	No.
<u>Solid Waste Removal: (Minimum level)</u>				
Removed at least once a week	3265	3265	1007	1 105
<i>Minimum Service Level and Above sub-total</i>	3201	3265	1007	1 105
<i>Minimum Service Level and Above percentage</i>	13.08%	13.3%	4%	4 %
<u>Solid Waste Removal: (Below minimum level)</u>				
Removed less frequently than once a week			98	98
Using communal refuse dump			15	15
Using own refuse dump			22646	22 646
Other rubbish disposal	4			0

Chapter 3

No rubbish disposal	21			0
<i>Below Minimum Service Level sub-total</i>	86.9%			22 646
<i>Below Minimum Service Level percentage</i>	23751		95%	
Total number of households	3,201		1105	
	<i>T 3.4.2</i>			

Households - Solid Waste Service Delivery Levels below the minimum						
Description	2011/12	2012/13	2013/14	2014/15		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	24,469	24,469	23 751			23,751
Households below minimum service level	21,268	21,268	22 646			22, 646
Proportion of households below minimum service level	87%	87%	95%			95%
Informal Settlements						
Total households						
Households below minimum service level	-	-	-		-	-
Proportion of households below minimum service level	-	-				-
					<i>T 3.4.3</i>	



Chapter 3

Waste Management Service								
Strategic Objectives	Key Performance Indicator	2013/14		2014/15				
		Actual	Target	Target	Actual	Variance	Reasons for variance/challenges	Measures to improve performance
To ensure proper environmental waste management at all times	Number of households served with waste removal once a week	1105	1105	1105	1105	0	None	None



Chapter 3

Employees: Solid Waste Management Services					
Job Level	Year 2013/14	Year 2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	8	8	8	0	100%
4 – 6	2	2	2	0	100%
7 – 9	1	1	1	0	100%
10 – 12	1	1	1	1	50%
13 – 15	0	0	0	0	0
16 – 18	0	0	0	0	0
19 – 20	0	0	0	0	0
Total	12	12	12	0	100%
T3.4.5					

Employees: Waste Disposal and Other Services					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0
4 – 6	0	0	0	0	0
7 – 9	0	0	0	0	0
10 – 12	0	0	0	0	0
13 – 15	0	0	0	0	0
16 – 18	0	0	0	0	0
19 – 20	0	0	0	0	0
Total	0	0	0	0	0
N.B. Landfill site not yet operational pending licensing T3.4.6					

Chapter 3

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

No capital project was implemented during the year under review. Unlicensed landfill (Makwilidza) is a source of concern to the municipality.

T3.4.10

3.5 HOUSING

INTRODUCTION TO HOUSING

Provision of housing is the responsibility of the department of COGHSTA. However the municipality plays a facilitation role in terms of compilation of housing needs analysis, identification of beneficiaries' preparation of happy letters, and housing inspection.

T 3.5.1

Housing Service							
Strategic Objectives	2013/14		2014/15				
	Target	Actual	Target	Actual	Variance	Reasons for variance/ challenges	Measures to improve performance
To facilitate provision of RDP houses	660	660	450	0	450	Departmental challenges	Beyond our control
T3.5.3							



Chapter 3

Employees: Housing Services					
Job Level	Year 2013/14	Year 2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0
4 – 6	0	0	0	0	0
7 – 9	1	1	1	0	0
10 – 12	0	0	0	0	0
13 – 15	0	0	0	0	0
16 – 18	0	0	0	0	0
19 – 20	0	0	0	0	0
Total	1	1	1	0	0
T 3.5.4					

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

Housing service is not the competency of the Municipality but of COGHSTA. The Municipality only coordinates in the form of beneficiaries' identification. However the department is not doing well in providing this service. No houses were built during the year under review.

T 3.5.7

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

INTRODUCTION TO FREE BASIC SERVICES AND INDIGENT SUPPORT

The Municipality has approved an indigent policy which serve as a guidelines for the provision of indigent services. The municipality provide free basic services in 1. Water, 2. Sanitation, 3. Electricity and 4. Refuse. The challenge is that we have many indigent households and the majority of them are not getting indigent support services due to non availability of infrastructure or service.

T3.6.1

Chapter 3

Free Basic Services To Low Income Households									
Financial years	Total number of indigent households	Number of household with Access to Free Basic Water		Number of household with Access to Free Basic Sanitation		Number of household with Access to Free Basic Electricity		Number of household with Access to Free Basic Refuse	
		Access	%	Access	%	Access	%	Access	%
2013/14		519	2.2	23 751	100	1487	6.3	42	0.17
2014/15		519	2.2	23 751	100	1487	6.3	42	0.17
									T3.6.3

Chapter 3

Financial Performance Year 0: Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Year 2013/14	Year 2014/15			
	Actual	Budget	Adjustment Budget	Actual	Variance to Budget
Water	VDM	0	0	0	
Waste Water (Sanitation)	VDM		0	0	
Electricity	1174		0	0	
Waste Management (Solid Waste)	42		0	42	
Total			0	0	

T 3.6.4

COMMENT ON FREE BASIC SERVICES AND INDIGENT SUPPORT:

Indigents are not getting enough support services from the municipality due to limited resources and service infrastructure. The challenge in FBE is the none collection of the free basic token.

T3.6.6

COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (storm water drainage).

3.7 ROADS

INTRODUCTION TO ROADS

Mutale local Municipality roads responsibility is limited to provision of access roads and internal streets. The municipality has tarred, paved and gravel streets and gravel access roads. Mutale local Municipality is composed of 13 wards. It has a draft infrastructure maintenance plan. The main challenge with regard to roads is budget limitation. The municipality get support from the department of Public Works, Roads & Infrastructure.

T3.7.1

Gravel Road Infrastructure				Kilometers
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
2013/14	395.9 km	0	3.2KM	380 km
2014/15	395.9 km	0	5km	1 319 km

T 3.7.2

Chapter 3

Tarred Road Infrastructure					Kilometers
	Total tarred roads	New tar roads	Existing tar roads re-tarred	Existing tar roads re-sheeted	Tar roads maintained
2013/14	17KM	5.5 KM	0	0	0
2014/15	22 KM	5 KM	0	0	0
					T 3.7.3

Road Service								
Strategic Objectives	Key Performance Indicator	2013/14		2014/15		Variance	Reasons for variance/challenges	Measures to improve performance
		Actual	Target	Target	Actual			
To improve access to transport services, operation and maintenance of socio-economic transportation infrastructure by 2016	Number of streets kilometer bladed)			2000 km	1319 km	681km	Interruption on programme and delay in servicing graders	Adhere to programme SLA with Service Providers
	Number of kilometer tared/paved road			5 KM	5KM	0	None	None
	Design of Tshilamba Extension ring road			1	1	0	None	None
	Number of road structures constructed			13	15	0	None	None
	Cubic meters of gravel for filling dongas and regravelling on hot spots			30 240	9 136	21 104	Brake down of tipper trucks	SLA with Service Providers
	Number of culvert constructed to villages			13	15	0	None	None



Chapter 3

Employees: Road Services					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0
4 – 6	4	10	4	6	60%
7 – 9	5	9	5	5	56%
10 – 12	0	0	0	0	0
13 – 15	1	1	1	0	0
16 – 18	0	0	0	0	0
19 – 20	0	0	0	0	0
Total	10	20	10	11	55%
T3.7.7					

Capital Expenditure 2014/15: Road Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	43,700	43,700	43,700	0	43,700
Tshilamba street tarring P2	18,500	18,500	18,500	0	14,500
Masisi Streets P2	4,500	4,500	4,500	0	4,500
T 3.7.9					



Chapter 3

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The municipality has implemented two capital projects which are: (MIG funded projects) namely: Masisi phase2, Tshilamba phase2, Mutale ext.1 ring road. The challenge that we have is that the only capital funder is MIG. The Municipality cannot provide capital funding for projects because of low revenue collection. The only fund that the Municipality can provide is on maintenance. Our year 5 target can be attained provided MIG is still in place to provide capital funding. Provincial roads are upgraded and maintained by the department of roads and transport T3.7.10

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)

INTRODUCTION TO TRANSPORT

Transport is not the responsibility of the Local municipality but is a function of the Provincial Department of Roads and Transport. The role of the local Municipality on transport is to facilitate the implementation of transport programmes initiated by the department. These includes Shovakalula, distribution of reflective belts to donkeys and cattle and scholar patrol.

The following impacts were made to our communities:

- Through the programmes of Shovakalula, the Municipality has contributed towards the culture of learning.
- Through the programmes of distribution of reflective belts to donkeys and cattle the municipality contributed in the reduction of road accidents caused by stray animals.
- Through the programme of scholar patrol, the Municipality contributed in the reduction of fatalities to school children and promotion of road safety.

Licensing: Registration and Licensing of vehicles, the municipality registered a total of 752 vehicles while licensed a total of 3691 vehicles during the financial year 2014/2015.

- The municipality does not have Bus operation system.

T3.8.1

COMMENT ON THE PERFORMANCE OF TRANSPORT OVERALL:

The Municipality did not implement capital project since transport function is a Provincial competency.

T 3.8.7

3.9 WASTE WATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

Chapter 3

The municipality does not have an entity rendering storm water drainage services. However during the year under review, the municipality improved delivery of storm water drainage system through Disaster funded projects. More than 10 culverts were improved.

T3.9.1

Storm water Infrastructure				
	Total Storm water measures	New storm water measures	Storm water measures upgraded	Storm water measures maintained
2013/14	16	0	0	5 Culverts
2014/15	15	15	10	0
T 3.9.2				

Cost of Construction/Maintenance			
	Stormwater Measures		
	New	Upgraded	Maintained
2013/14	5,500	0	167
2014/15	2.500	22.500	0
T 3.9.3			

Financial Performance Year 0: Roads and storm water					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	16334	1704	2034	1199	-42%
Expenditure:					
Employees	1375	1719	1848	1848	7%
Repairs and Maintenance					
Other	50	430	430	133	-223%
Total Operational Expenditure	1425	2149	2278	1981	-8%



Chapter 3

Net Operational Expenditure	-14909	445	244	782	43%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
					<i>T 3.10.5</i>

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

Most of the municipal roads are gravel which makes them vulnerable to erosion during rainy times. Then municipality did not implement storm water project during the year under review.

T3.9.9

COMPONENT C: PLANNING AND DEVELOPMENT

This component includes: planning; and local economic development.

INTRODUCTION TO PLANNING AND DEVELOPMENT

Mutale Municipality is a rural Municipality with two small towns established in terms of Proclamation R293. The Municipality has very few large commercial development and available vacant land surrounding the towns. The municipal main challenges with regard to land are ownership of land and flexibility of traditional leadership with regard to land disposal and development. In addition land tenure system within the municipality discourages developers or investors within the municipality.

T3.10

3.10 PLANNING

INTRODUCTION TO PLANNING

The municipality through the assistance of Coghsta planned to develop Township in the rural area, which will assist in land tenure upgrading of rural land. The municipality is currently without measure retail and chain stores therefore depend largely on Thulamela Municipality for such and banking services. The municipality has an agreement with several investors who wants to much waited large development in an attempt to grow the Town. This will also provide employment to the impoverished surrounding communities. The municipality also intends to invite developers in an effort to bring major development in the municipality to boost the economy of the municipality.

T3.10.1



Chapter 3

Planning and development								
Strategic Objectives	Key performance Indicator	2013/14		2014/2015		Variance	Reason for variance	Measures to improve performance
		Actual	Target	Target	Actual			
To ensure proper integration in rural, urban development and land use control in order to promote integrated spatial program by 2020	Number of SDF reviewed	1	0	1	0	1	Delay in the commencement date of SPLUMA Act and also the development of by-laws	To be done in the 2015/16
	Number of land use application processed	30	67	20	35	0	None	None
	Number of informal settlement formalization facilitated							

Financial Performance Year 0: Planning Services					
R'000					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	1,720,088	2,142,257	3,323,319	1,867,043	-42%
Expenditure:					
Employees	1,128,248	1,847,272	1,853,994	1,027,386	7%
Repairs and Maintenance					
Other		4,792,800	4,072,800	370,646	-223%
Total Operational Expenditure	1,128,248	6,640,072	5,926,744	1,398,032	-8%
Net Operational Expenditure	591,840	4,497,815	2,603,425	469,011	43%
T 3.10.5					

Chapter 3

Capital Expenditure 2014/15: Planning Services					
R' 000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A					
Project B					
Project C					
Project D					
No planning projects were undertaken under the current financial year					
T 3.10.6					

COMMENT ON THE PERFORMANCE OF PHYSICAL PLANNING OVERALL:

In terms of the municipal IDP, Development planning intended to develop two new nodal points. However due to lack of funds and available land for development, the targets could not be achieved.

T3.10.7

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM AND MARKET PLACES)

INTRODUCTION TO ECONOMIC DEVELOPMENT

Local Economic development involves building the capacity of SMMEs, assisting SMMEs and cooperative to access funding and promotion of local economic development. The municipality is implementing the Community Works Programme together with Coghsta. The main challenge was lack of coordination among stakeholders when applying for funding.

T 3.11.1

Jobs Created during 2014/15 by LED Initiatives (Excluding EPWP projects)



Chapter 3

Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Total (all initiatives)				
Year -2	N/A	N/A	N/A	N/A
Year -1	N/A	N/A	N/A	N/A
Year 0	N/A	N/A	N/A	N/A
Initiative A (Year 0)	N/A	N/A	N/A	N/A
Initiative B (Year 0)	N/A	N/A	N/A	N/A
Initiative C (Year 0)	N/A	N/A	N/A	N/A

T 3.11.5

Job creation through EPWP* projects		
Details	EPWP Projects No.	Jobs created through EPWP projects No.
2012/13	7	167
2014/15	13	298

T 3.11.6

Local Economic Development								
Strategic Objectives	Key performance Indicators	2013/14		2014/15				
		Target	Actual	Target	Actual	Variance	Reasons for variance / challenges	Measures to improve performance
To ensure sustainable economic growth and improve livelihoods of the people through Local Economic Development by 2016	Number of brochures developed	3000	0					
	Number of business plans developed							
	Number of partnerships formulated							
	Number of SMME training facilitated							
	Number of EPWP jobs created							



Chapter 3

Employees: Local Economic Development Services					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	1	1	1	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	1	1	1	0	0%



Chapter 3

Capital Expenditure 2014/15: Economic Development Services					
R' 000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	0
Project A					
Project B					
Project C					
Project D					
					T 3.11.10

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

There was no LED capital projects implemented during the year under review.

T3.11.11

Chapter 3

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.12 LIBRARIES; COMMUNITY FACILITIES

INTRODUCTION TO LIBRARIES; COMMUNITY FACILITIES

Mutale Municipality has two community halls namely:- Mutale and Masisi Town Halls and one Arts and Culture Centre. The community halls are used as venues for meetings and other functions while the Arts and Craft Centre is used for the promotion of Arts and Culture. Currently Arts and Craft Centre is utilised by women who are sewing traditional clothes and sculptures. SEDA is also accommodated for Local Economic Development through promotion of SMME.

In collaboration with the provincial department of sports Arts and Culture, the construction of one community library was completed and officially opened by the MEC of Sport, Arts and Culture. The Library is in full operation and public has access to internet and WI-FI system

T3.12.1

3.13 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

INTRODUCTION TO DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES, ETC

Disaster Management is both a District and Local Municipality's function. Disaster Management has four key performance areas namely: - Institutional capacity for disaster management, risk reduction, risk assessment, response and recovery.

During the year under review, the following achievements have been made:

1. Institutional Capacity for Disaster Management

- Ward disaster management committees were established in all thirteen wards

2. Risk Reduction

- Nine ward disaster management committees' workshops were conducted to create communities awareness on disaster issues.

- Six awareness campaigns were conducted

3. Risk Assessment

- Risk Assessment was conducted and fifteen hazards were identified within Mutale Municipal area namely: - Drought, deforestation, storm, stray animals, dumping of pampers on river-beds/residential areas, animal diseases, wild animals, Veld fires, heat waves, floods, fog and Cattle poisonous tree

The municipality as a means to improve its performance has trained all wards disaster management committees

T 3.13.1

Chapter 3

Disaster Management								
Strategic Objectives	Key Performance Indicator	2013/14		2014/15		Variance	Reasons for variance/challenges	Measures to improve performance
		Target	Actual	Target	Actual			
To ensure prompt respond to all reported disaster incidents	Number of response to all reported disaster and other related incidents	100%	100%	100%	100%	0		
To ensure proper disaster risk assessment	Number of disaster risk assessment conducted	4	4	4	5	0		
To ensure proper disaster risk reduction	Number of disaster awareness campaign conducted	4	4	4	6	0		
	Number of wards disaster training conducted	13	13	4	9	4		

Chapter 3

Employees: Disaster Management					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	1	1	1	2	50%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	1	1	1	2	50%
T 3.13.4					

COMMENT ON THE PERFORMANCE OF DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL OF PUBLIC NUISANCES, ETC OVERALL:

There was no capital project implemented by disaster management unit during the year under review. The role of the municipality in relation to disaster management is facilitation in response to disaster management as the power and functions for disaster management resides with the district.

T3.13.7

COMPONENT H: SPORT AND RECREATION

This component includes: community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

INTRODUCTION TO SPORT AND RECREATION

Sports Arts and Culture involve the management of sports facilities, promotion and development of Arts and Culture. Our top three priorities service delivery was of Manenzhe, complete Muswodi -Dipeni as well as Makuya Combi- Courts. (Combi-Courts include Netball, Volleyball and Basketball courts) and the completion of community library. Specifications were done and the bid was advertised in local newspapers but no competent bidder was found. Since then the specifications were revised and bid would be re-advertised in 2014/15 financial year.

T 3.14

Chapter 3

3.14 SPORT AND RECREATION

Sport and Recreation								
Strategic Objectives	Key performance indicator	2013/14		2014/15		Variance	Reasons for variance/challenges	Measures to improve performance
		Target	Actual	Target	Actual			
To ensure proper coordination & management of Sports, Arts & Culture development	Number of sports event hosted	4	5	4	4	0	None	None

Employees: Sport and Recreation					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	2	0%
10 - 12	0	0	0	0	0%
13 - 15	1	3	1	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	1	3	1	2	0%

Chapter 3

Financial Performance 2014/15: Sport and Recreation					
R'000					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees	375	425,911	425,911	425,916	2%
Repairs and Maintenance					
Other	-	50	50	-	0%
Total Operational Expenditure	375	475	475	425	1%
Net Operational Expenditure	375	475	475	425	1%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
T 3.14.4					

Capital Expenditure 2014/15: Sport and Recreation					
R' 000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	4,600,000	1,854,998	604,912	3,995,088	4,600,000
Tshixwadza sports facility	3,600,000	854,998	395,881	3,204,119	3,600,000
Combi-Courts	1 000 000	1 000 000	209 031	790 969	1 000 000
<i>No capital project in sport was implemented</i>					
T 3.14.5					

COMMENT ON THE PERFORMANCE OF SPORT AND RECREATION OVERALL:

The three priority capital projects were as follows: Manenzhe, Muswodi and Makuya Combi-Courts in multi-purpose sports Centre's. The budget for the above sports facilities was R500 000.00.. All projects could not be implemented within the financial year under review as a result of lack of competent bidders to construct the Combi-Courts. The bid was advertised in local newspapers, but no competent



Chapter 3

bidders were found. Since then the specifications were revised and the bid would be re-advertised in National Newspapers to attract more bidders rather than the less read and known local newspapers which could not reach more interested contractors. The municipality had planned to implement Tshixwadza multi-purpose sports ground through 15% of MIG funding. Designs were completed and the project was approved and its implementation started in 2014/15 financial year. The project budget is R3.5m.

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes: corporate policy offices, financial services, human resource services, ICT services, property services

This component includes: Executive office (mayor; councilors; and municipal manager).

INTRODUCTION TO EXECUTIVE AND COUNCIL

The executive committee comprises of four members whereas council consist of 26 members. During the year under review the executive committee held 8 meetings and council held 7 meetings. The top priority of the executive committee was to develop IDP and budget, identification and prioritisation of community needs and to enhance public participation on municipal affairs. A priority of council in other hand is to approve IDP and budget, policies, and by-laws.

The Executive and Council								
Service Objectives	Key performance indicator	2013/14		2014/15		Variance	Reasons for variance/ challenges	Measures to improve performance
		Actual	Target	Target	Actual			
To development credible IDP and ensure maximum community participation and approval of IDP and budget	Number of credible IDP developed	1	1	1	1	0	None	None
	Number of steering meeting held	9	7	9	7	2	Postponement of meetings	Ensure compliance with IDP timelines
	Number of IDP budget rep forum held	4	4	4	4	0	None	None
	Number of public consultation meeting held	13	13	13	13	0	None	None

Chapter 3

	Number IDP process plan developed	1	1	1	1	0	None	None
--	-----------------------------------	---	---	---	---	---	------	------

Employees: The Executive and Council					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	2	2	2	0	0%
10 - 12	1	1	1	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	3	3	3	0	0%
T 3.15.4					

Financial Performance 2014/15: The Executive and Council					
R'000					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					#DIV/0!
Expenditure:					
Employees	7 121 670	7 460 896	7 493 978	7 969 874	94%
Repairs and Maintenance					
Other	1 820 095	2 428 280	2 728 280	1 622 488	150%
Total Operational Expenditure	8 941 765	9 889 176	10 222 258	9 592 362	244%
Net Operational Expenditure	8 941 765	9 889 176	10 222 258	9 592 362	244%
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.15.5					



Chapter 3

Capital Expenditure 2014/15: The Executive and Council					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	180	737	737	76%	
Project A	180	737	737	76%	737
Project B					
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					
T 3.15.6					

3.16 FINANCIAL SERVICES

INTRODUCTION FINANCIAL SERVICES

For Mutale Municipality to maintain and to improve the quality of services it needs to generate the requisite revenue. The continued generation of cash via good prudent budgeting, credible income policies and sound financial management systems is critical to the financial sustainability of every municipality. The reality is that the municipality is faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding, hence difficult choices have to be made in relation to tariff increases and balancing expenditure against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy
- Growth in the Municipality and continued economic development
- Efficient revenue management, which strives to ensure an optimum annual collection rate for property rates and other key service charges
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA)
- Increase ability to extend new services and recover costs
- The municipality's Indigent Policy and rendering of free basic services, and
- Tariff policies of the Municipality

Chapter 3

The Finance Directorate will be embarking upon a number of strategic thrusts and actions to maximize or at best maintain revenue raising at its current levels, to ensure Council can continue to meet its constitutional requirements and to dovetail with efficiency measures being looked at on the expenditure side of the budget.

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	2012/2013		2013/2014			2014/2015	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	1,633,552	43%	1,575,377	1,575,377	28%	4,472,189	33%
Electricity – B							
Electricity – C							
Water – B							
Water – C							
Sanitation							
Refuse	288,418	55%	462,857	462,857	34%	1,355,175	30%
Other	41,515	28%	62,286	62,286	50%	70,928	29%
<i>B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.</i>							
T 3.16.2							

Concerning T 3.25.2

The proportion of account value billed is calculated by taking the total value of the year's revenues collected against the bills raised in the year by the year's billed revenues.

T 3.16.2.1

Chapter 3

Employees: Financial Services					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	12	12	12	0	0%
7 - 9	6	6	6	0	0%
10 - 12	2	2	2	0	0%
13 - 15	2	2	2	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	22	22	22	0	0%

Financial Performance 2014/15: Financial Services					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	53,999,001	71,236,219	70,471,854	74,922,966	-3,686,747
Expenditure:					
Employees	7,653,453	7,989,457	7,914,358	7,457,316	532,141
Repairs and Maintenance	1,128,123	1,057,520	1,060,000	7,215,70	335,950
Other	20,690,592	10,693,905	8,720,167	12,990,536	-2,296,631
Total Operational Expenditure	29,472,168	18,683,362	17,694,525	21,169,422	-2,486,060
Net Operational Expenditure	24,526,833	52,525,857	52,777,329	53,753,544	1,227,687
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
					T 3.16.5

Capital Expenditure 2014/15: Financial Services					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	

Chapter 3

Computer equipment	0	520 000	43 812	-43,812	520 000
Intangible asset	70 000	70 000	0	70,000	70 000
Project C					
Project D					
<i>Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.</i>					<i>T 3.16.6</i>

COMMENT ON THE PERFORMANCE OF FINANCIAL SERVICES OVERALL:

The Municipality will be embarking upon a number of strategic thrusts and actions to maximize or at best maintain revenue raising at its current levels, to ensure Council can continue to meet its constitutional requirements and to dove tail with efficiency measuring being looked on the expenditure side of the budget

T 3.16.7



Chapter 3

3.17 HUMAN RESOURCE SERVICES

INTRODUCTION TO HUMAN RESOURCE SERVICES

Human Resource Services involve organisational development, human resource development, occupational health and safety, labour relations, recruitment and selection, PMS and personnel administration. The priorities for the year under review were job evaluation, individual performance assessment and filling of vacant position in order to improve performance. The following measures were taken. Performance assessment tool has been developed. 12 vacant posts were filled. The 2014/2015 organisational structure was reviewed.

T 3.17.1

Human Resource Services								
Strategic Objectives	Key performance indicator	2013/14		2014/15				
		Actual	Target	Target	Actual	Variance	Reasons for variance/ challenges	Measures to improve performance
To ensure compliance with HR policies	Number of HR policies reviewed by council	14	14	14	0	14		
To improve organizational performance by fostering accountability by 2014/15	Number of employees assessed on quarterly basis	123	0	127	0	127	No tool for assessment was developed	A tool should be developed for assessment
	Number of Annual report compiled and adopted	1	1	1	1	0	None	None
	Number of signed performance agreement signed by section 54a and 56 managers	3	3	3	3	0	None	None

Chapter 3

	Number of mid-year compiled and adopted	1	1	1	1	0	None	None
	Number of quarterly reports compiled	4	4	4	4	0	None	None
	Number of PMS reviewed and adopted	1	-	-	1	0	None	None
	Number of revised SDBIP compiled	1	1	1	1	0	None	None
	Number of individual performance plan signed by employee below section 54a and section 56	123	0	123	0	123	No tool for assessment was developed	A tool should be developed for assessment
To ensure compliance with occupational health and safety act and occupational injuries and diseases act	Number of Health and safety committee established	1	0	1	1	0	None	None
To ensure the development of Employee Assistance Programme	Number of employee awareness campaigns conducted	1	1	1	1	0	None	None
To ensure proper record management	Number of filling plan reviewed and approved	0	0	1	0	1	File plan not as yet approved	File plan will be sent to the Council for approval



Chapter 3

To provide security to all municipal premises at all times	Number of security guards deployed	13	13	13	13	0	None	None
To ensure that municipality complies with terms and constructs	Number of service level agreement signed	12	8	10	8	2	None	None
To ensure that relevant by-laws are developed and enforced	Number of by-laws promulgated	4	0	4	2	2	Vetting process	By-Laws should undergo internal vetting process
To ensure good relationship between the employer and the employee	Number of labour relation workshop conducted	2	2	2	0	2	Cash flow problems	Liquid cash should be readily available for trainings
	Number of local labour forum meeting held	6	6	10	8	2	Poor attendance by employers	Committed employers to form part of the committee



Chapter 3

Employees: Human Resource Services					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	
4 – 6	18	3	18	0	0%
7 – 9	56	4	53	2	50%
10 – 12	42	2	42	3	150%
13 – 15	9	2	9	4	200%
16 – 18	0	0	0	0	
19 – 20	0	0	0	0	
Total	125	11	122	9	82%
T3.17.4					

COMMENT ON THE PERFORMANCE OF HUMAN RESOURCE SERVICES OVERALL:

No capital project was implemented by human resource division during the year under review.

T3.17.7

3.18 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

The main focus for the ICT function is

- ☐ Network Infrastructure upgrade
- ☐ Server Room identified in the new building
- ☐ Internet upgrade to ensure speed and efficient email access
- ☐ Installation of an centralized anti-virus so that the computers can be updated automatic by the server



Chapter 3

Employees: ICT Services					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	1	2	1	1	50%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	1	2	1	1	0%
					T3.18.4

Financial Performance 2014/15: ICT Services					
R'000					
Details	2013/14	2014/15			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					0
Expenditure:					
Employees	209,261	467,863	467,873	209	0%
Repairs and Maintenance	-	-	-	-	0%
Other	-	-	-	-	0%
Total Operational Expenditure	209,261	467,863	467,873	307	0%
Net Operational Expenditure	209,261	467,863	467,873	307	0%
<i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i>					
					T 3.18.5

Capital Expenditure 2014/15: ICT Services					
R' 000					
Capital Projects	2014/15				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0%	0

Chapter 3

Software	0	0			0
Computer Equipments	350 000	450 000	43 811	87%	350 000
Equipment \Printer	0	0	0		0
					0

T 3.18.6

COMMENT ON THE PERFORMANCE OF ICT SERVICES OVERALL:

The municipality is relatively satisfied with the quality of ICT services and support given to officials in all our offices. In the 2014-15 financial provision has been made to roll-out wireless network connection to Main municipal offices. We have also made provision for Disaster Recovery Plan and Off-site backup system to keep our valued information safe should disaster struck our offices. The overarching ICT objective is to make sure all our service points have full internet and network connectivity and data integrity by the 2014-2015 financial year and score a clean audit on ICT services. To achieve this, we are going to launch an ICT Steering committee which will monitor and evaluate all IT related projects and compile a strategic ICT Governance Framework that will guide our approach to ICT in the municipality. We appreciate the efforts put by our hard-working officials as we strive towards clean audit

T3.18.7

3.19 PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

This component includes: property; legal; risk management and procurement services.

INTRODUCTION TO PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES

The function of property management falls under Budget and Treasury office include the following : compilation of asset register, verification of asset and disposal of asset. The Municipality possess properties in the form of buildings, office furnitures and equipments, vehicles and land. All properties are contained in the municipal property register.

The legal section is responsible for the provision of legal services to the entire municipality. This includes the provision of legal opinions, drafting of contracts, drafting of by-laws and policies, attending to court litigations, ensuring legal compliance and deal with labour cases

Risk management function is located within the Internal Audit Unit. This function involves risk assessment, risk identification, risk reduction and compiling risk register. Procurement services falls within the Supply Chain Management unit. This involves demand management, aquisition, logistic and disposal management.

T3.19.1

Chapter 3

SERVICE STATISTICS FOR PROPERTY; LEGAL; RISK MANAGEMENT AND PROCUREMENT SERVICES			
Analysis of function	Statistical information on available property	Number of facilities	Number of users
N/A	N/A	N/A	N/A

T3.19.2

Risk Management								
Strategic Objectives	Key performance indicator	2013/14		2014/15	Actual	Variance	Reasons for variance/challenges	Measures to improve performance
		Target	Actual	Target				
To ensure an effective risk management process	Number of risk assessment conducted	2	2	2	2	0	None	None
	Number of risk management policy reviewed	1	1	1	1	0	None	None
	Number of risk management implementation plan	1	1	1	1	0	None	None

Employees: Risk Management					
Job Level	2013/14	2014/15			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%



Chapter 3

4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	1	50%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	0	0	0	1	50%

T3.18.4



Chapter 4

CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

INTRODUCTION

The municipal staff compliment is 127 employees and a total number of 26 councilors .The municipal vacancy rate is at 36. In line with the requirements by the employment equity regulation the municipality consist of total number of 46 females against male total number of 81. All employees have job descriptions in line with TASK requirements. To ensure that the municipality is complying with National and provincial frameworks, 14 HR policies have been approved by council. The Labour forum has been established to create a platform whereby issues related to employee's affairs are discussed. Human Resource Division is responsible for Human Resource management, Organizational development and Human resource development and Performance Management System and compliance to the legislations e.g. BSCA, Employment Equity Act, Labour Relations Act, Occupational Health SDA

The Organizational structure of Mutale municipality consists of the Council as the highest political structure and three main Departments namely: Technical Services, Corporate Support and Community Services, Budget & Treasury and Municipal Managers Office. The Council consists of 26 Councilors including the Mayor and the Speaker. There are three Portfolio committees established by the Executive Committee namely Infrastructure Development and Planning, Budget & Treasury, and Corporate support and Community Services. The main role of the Portfolio Committees is to play oversight role over their respective departments by monitoring the implementation of their programmes.

In line with the provision of System Act all section 56 Managers had signed performance agreements. Performance evaluation for section 55 and 56 Managers were not conducted regularly as required by COGTA Performance Regulations. Municipal Performance Management policy is in place and it provides a frame-work within which the performance of staff can be measured against the overall objectives of the municipality. The special programmes unit was established and an officer was designated. The main aim of the unit is to coordinate special programmes activities so that the interests of designated groups are taken on board

T4.0.1

Chapter 4

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees					
Description	2013/14	2014/15			
	Employees	Approved Posts	Employees	Vacancies	Vacancies
	No.	No.	No.	No.	%
Water	–	–	–	–	–
Waste Water (Sanitation)	0.00	0.00	0.00	0.00	%
Electricity	0.00	0.00	0.00	0.00	%
Waste Management	10.00	10.00	10.00	0.00	%
Housing	1.00	1.00	1.00	0.00	%
Roads & Stormwater Drainage	1.00	2.00	2.00	0.00	%
Roads	10.00	10.00	15.00	0.00	%
Transport	14.00	14.00	14.00	0.00	%
Planning	6.00	6.00	6.00	1.00	%
Local Economic Development	1	1	1	0.00	%
Planning (Strategic & Regulatory)	3.00	3.00	3.00	0.00	%



Chapter 4

Local Economic Development	2.00	2.00	2.00	0.00	%
Community & Social Services	20.00	25.00	25.00	6.00	%
Environmental Protection	0.00	1.00	2.00	1.00	%
Health	0.00	1.00	0.00	1.00	%
Security and Safety	14.00	14.00	14.00	0.00	%
Sport and Recreation	1.00	2.00	1.00	2.00	%
Corporate Officers and Other	41.00	43.00	38.00	5.00	%
Totals	125.00	136.00	135.00	16.00	0.00
T 4.1.1					

Vacancy Rate: 2014/15			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	N/A		
CFO	1		
Other S57 Managers (excluding Finance Posts)	2		
Other S57 Managers (Finance posts)	1	14 months	
Police officers	0	0	
Fire fighters	0	0	
Senior management: Levels 13-15 (excluding Finance Posts)	1		500.00
Senior management: Levels 13-15 (Finance posts)	2		100.00
Highly skilled supervision: levels 9-12 (excluding Finance posts)	1	0	800.00
Highly skilled supervision: levels 9-12 (Finance posts)	2	1	50.00
Total	10	25	250.00



Chapter 4

Turn-over Rate			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
2013/14	16	9	28%
2014/15	11	2	
*			T 4.1.3



Chapter 4

COMMENT ON VACANCIES AND TURNOVER:

The Corporate Manager's post has been vacant since 01 April 2014 and was not filled as at 30 June 2014. The filling of other post is regulated by the recruitment and selection policy of the municipality. The policies stipulate how recruitment and section process should be conducted. It takes a minimum of three month for section 54A/56 post to be filled. Our turnover rate is significant low.

T4.1.4

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The municipality has human resource policies in place which serve as framework for workforce management. All policies are approved by council before implemented. For the year under review 14 policies have been reviewed and approve by council.

T4.2.0

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%	%	
1	Affirmative Action	100%	100%	15-10-2013
2	Attraction and Retention	100%	100%	15-10-2013
	Bursary policy	100%	100%	15-10-2013
3	Code of Conduct for employees	0%	0%	15-10-2013
4	Delegations, Authorisation & Responsibility	100%	100%	15-10-2013
5	Disciplinary Code and Procedures	100%	100%	15-10-2013
6	Essential Services	0%	0%	n/a
7	Employee Assistance / Wellness	0%	0%	n/a
8	Employment Equity	100%	100%	15-10-2013
9	Exit Management	100%	100%	15-10-2013
10	Grievance Procedures	100%	100%	15-10-2013
11	HIV/Aids	100%	100%	15-10-2013
12	Human Resource and Development	100%	100%	15-10-2013
13	Information Technology	100%	100%	15-10-2013
14	Job Evaluation	100%	100%	15-10-2013
15	Leave	100%	100%	15-10-2013
16	Occupational Health and Safety	100%	100%	15-10-2013
17	Official Housing	0%	0%	n/a



Chapter 4

18	Official Journeys	100%	100%	15-10-2013
19	Official transport to attend Funerals	100%	100%	15-10-2013
20	Official Working Hours and Overtime	100%	100%	15-10-2013
21	Organisational Rights	100%	100%	15-10-2013
22	Payroll Deductions	100%	100%	15-10-2013
23	punctuality	100%	100%	15-10-2013
24	property	100%	100%	15-10-2013
25	Performance Management and Development	100%	100%	15-10-2013
26	Recruitment, Selection and Appointments	100%	100%	15-10-2013
27	Remuneration Scales and Allowances	100%	100%	15-10-2013
28	relocation	100%	100%	15-10-2013
29	Resettlement	100%	100%	15-10-2013
30	Sexual Harassment	100%	100%	15-10-2013
31	Skills Development	100%	100%	15-10-2013
32	Smoking	100%	100%	15-10-2013
33	substance abuse	100%	100%	15-10-2013
34	Special Skills	0%	0%	n/a
35	Work Organisation	0%	0%	n/a
36	Uniforms and Protective Clothing	100%	100%	15-10-2013
37	Other:			
T 4.2.1				

4.2 POLICIES

COMMENT ON WORKFORCE POLICY DEVELOPMENT:

All the above policies are currently being implemented.

T4.2.1.1



Chapter 4

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Number and Cost of Injuries on Duty					
Type of injury	Injury Leave Taken Days	Employees using injury leave No.	Proportion employees using sick leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	0	0	0%	0	0
Temporary total disablement	0	0	0%	0	
Permanent disablement	0	0	0%	0	
Fatal					
Total	0	0		0	0

T 4.3.1

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post* No.	*Average sick leave per Employees Days	Estimated cost R' 000
Lower skilled (Levels 1-2)	0	0%	0	0	0.00	
Skilled (Levels 3-5)	15	0%	19	19	0.14	
Highly skilled production (levels 6-8)	37	0%	42	42	0.36	
Highly skilled supervision (levels 9-12)	26	0%	23	23	0.19	
Senior management (Levels 13-15)	10	0%	0	14	0.10	
MM and S57	6	0%	0	0	0.02	
Total	94	0%	98	98	1.13	0

T 4.3.2

COMMENT ON INJURY AND SICK LEAVE:

No injury on duty was reported. Sick leaves are managed in terms of main collective agreements on condition of service and the Basic Conditions of Employment Act

T4.3.4



Chapter 4

Number and Period of Suspensions				
Position	Nature of Alleged Misconduct	Date of Suspension	Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised	Date Finalised
Lower skilled (Levels 1-2)	0			
Skilled (Levels 3-5)	0			
Highly skilled production (levels 6-8)	0			
Highly skilled supervision (levels 9-12)	(1)Fraud	1 May 2013	Disciplinary hearing was conducted. Case finalized	September 2013
Senior management (Levels 13-15)	n/a			
MM and S57	n/a			
T 4.3.5				

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Lower skilled (Levels 1-2)	n/a		
Skilled (Levels 3-5)	n/a		
Highly skilled production (levels 6-8)	n/a		
Highly skilled supervision (levels 9-12)	fraud and corruption	suspended pending the investigation outcomes	
Senior management (Levels 13-15)	n/a		
MM and S57	n/a		
T 4.3.6			



Chapter 4

4.4 PERFORMANCE REWARDS

Performance Rewards By Gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 R' 000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	0			
	Male	0			
Skilled (Levels 3-5)	Female	0			
	Male	0			
Highly skilled production (levels 6-8)	Female	0			
	Male	0			
Highly skilled supervision (levels 9-12)	Female	0			
	Male	0			
Senior management (Levels 13-15)	Female	0			
	Male	0			
MM and S57	Female	0			
	Male	0			
Total		127			
Has the statutory municipal calculator been used as part of the evaluation process?					yes
T 4.4.1					

COMMENT ON PERFORMANCE REWARDS:

The municipality did not pay any performance rewards due to the fact that there was no assessment tool resulting in employees not being assessed.



Chapter 4

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

Capacity building for municipal employees and councillors is dealt with in terms of work skills plan which is compiled annually and submitted to LGSETA for approval. The municipality conduct skills audit annually to determine training needs to every employee. Employees are sent on training intervention identified in the WSP.

T 4.5.0

Skills Matrix														
Management level	Gender	Employees in post as at 30 June Year 0	Number of skilled employees required and actual as at 30 June Year 0											
			Learner ships			Skills programmes & other short courses			Other forms of training			Total		
		No.	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target	Actual: End of Year -1	Actual: End of Year 0	Year 0 Target
MM and s56	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	3	0	0	0	0	0	0	0	2	0	0	3	0
Councillors, senior officials and managers	Female	16	0	4	0		5	0	0	7	0	0	16	0
	Male	24	0	2	0	0	3	0	0	1		0	6	0
Technicians and associate professionals*	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	6	0	1	0	0	0	0	0	0	0	0	1	0
Professionals	Female	6	0	2	0	0	2	0	0	2	0	0	6	0



Chapter 4

	Male	7	0	1	0	0	3	0	0	3	0	0	7	0
Sub total	Female	22	0	10	0	0	0	0	0	9	0	0	22	0
	Male	40	0	10	0	0	0	0	0	6	0	0	17	0
Total		62		10	0	0	0	0	0	15		0	39	

*Registered with professional Associate Body e.g CA (SA)

T

4.5.1

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated : Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated : Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials						
Accounting officer	1	0	1	0	1	1
Chief financial officer	1	0	1	0	1	1
Senior managers	2	0	2	0	2	2
Any other financial officials	7	0	7	0	0	7
Supply Chain Management Officials						
Heads of supply chain management units	1	0	1	0	0	0
Supply chain management senior managers	0	0	0	0	0	0
TOTAL	12	0	12	0	4	11

* This is a statutory report under the National Treasury: Local Government: MFMA Competency Regulations (June 2007)

T 4.5.2



Chapter 4

Skills Development Expenditure										
										R'000
Management level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	0								
	Male	3					144000.00	700000.00		
Legislators, senior officials and managers	Female	16			200000	18750.00				
	Male	24			200000	18750.00				
Professionals	Female	6			20000	6600.00				
	Male	7								
Technicians and associate professionals	Female	0								
	Male	6			240000	6250.00				
Clerks	Female	9								
	Male	17	150000	36000.00						
Service and sales workers	Female	1								
	Male	1								
Plant and machine operators and assemblers	Female	0								
	Male	9			20000.00	3324.00				
Elementary occupations	Female	10								
	Male	14								
Sub total	Female									
	Male									
Total										
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									%*	*R
T4.5.3										



Chapter 4

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

The municipality has spent an amount of R168 000 on skills development programmes implemented during the year under review. The budget for skills development was R700 000-00. In terms of minimum competency requirements, only one section 56 manager completed the programme while others are still busy with the programme.

T4.5.4

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

INTRODUCTION TO WORKFORCE EXPENDITURE

Workforce expenditure is managed through the payroll system administered by pastel evolution system. Each department is allocated budget for employee related cost which mainly covers salaries, training, accommodation, S&T and overtime. Expenditure management is done by budget and treasury office.

T4.6.0

Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels9-12)	Female	0
	Male	0
Senior management (Levels13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0

T 4.6.2



Chapter 4

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
0	0	0	0	n/a
0	0	0	0	n/a
0	0	0	0	n/a
0	0	0	0	n/a
0	0	0	0	n/a
T 4.6.3				

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
none	none	none	none	none
none	none	none	none	none
none	none	none	none	none
none	none	none	none	none
none	none	none	none	none
T 4.6.4				

COMMENT ON UPGRADED POSTS AND THOSE THAT ARE AT VARIANCE WITH NORMAL PRACTICE:

There were no posts upgraded under the year review.

T4.6.5



Chapter 5

CHAPTER 5 – FINANCIAL PERFORMANCE

INTRODUCTION

This Chapter presents a financial status of the municipality as at the 30th June 2014. The financial status is analysed in details below with summary analysis.

The aim of this chapter is to provide an overview of the financial performance of the municipality, through measuring of results. Good financial management is essential to ensure that financial expenditure is progressive, efficient and promotes accountability. The municipality reflects an inadequate financial performance for the 2012/2013 financial year. Total revenue of R99 million for the 2014/2015 financial year had been received, this revenue is constituted by transfers and own revenue. Equitable share makes up 80% of the operating transfers and is used to provide for services to the community. Due to poverty in the Mutale area revenue collection is very low, which has a negative effect on the cash flow position of the municipality.

T5.0.1

Chapter 5

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Reconciliation of Table A1 Budget Summary

Description R thousands	2014/2015											2013/2014			
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Financial Performance															
Property rates	2,150	(240)	1,910				1,990		80	104,2%	92,6%				1,299
Service charges	943	281	1,224				1,233		9	100,7%	130,8%				543
Investment revenue	320	280	600				1,365		765	227,5%	426,6%				981
Transfers recognized - operational	70,265	184	70,449				76,767		(6,318)	109,0%	109,3%				48,460
Other own revenue	8,417	(717)	7,701				7,542		((159)	97,9%	89,6%				6,864
Total Revenue (excluding capital transfers and contributions)	82,096	(211)	81,884				88,898		(7,013)	108,6%	108,3%				58,149
Employee costs	35,972	(2,605)	33,367				33,407		39	100,1%	92,9%				28,047
Remuneration of councilors		3	7,494						476	106,4%	106,8%				

Chapter 5

	7,461					7,970								7,122
Debt impairment	2,112	-	2,112			3,619		1,507	171,3%	171,3				14,402
Depreciation & asset impairment	3000	-	3000			3,544		544	118,1%	118,1%				2,769
Finance charges	119	34	153			110		((42)	72,2%	92,6%				139
Materials and bulk purchases	-	-	-			-		-	-	-				-
Transfers and grants	-	-	-			-		-	-	-				-
Other expenditure	22,719	1,774	24,494			17,133		(7,360	70%	75,4%				16,635
Total Expenditure	71,384	(764)	70,620	-	-	65,783		4,837	93,2%	92,2%				69,114
Surplus/(Deficit)	10,712	553	11,265	-		23,115		(11,850	205,2%	215,8%				(10,965)
Transfers recognised- capital	22,855	3,040	25,895			19,563		(6,332)	75,5%	85,6%				(40,238)
Contributions recognised - capital & contributed assets	-	-	-			-		-	-	-				
Surplus/(Deficit) after capital transfers & contributions	33,567	3,593	37,160			42,678		(5,518	114,8%	127,1%				29,723
Share of surplus/ (deficit) of associate														
Surplus/(Deficit) for the year	33,567	3,593	37,160			42,678		(5,518	114,8%	127,1%				29,723
Capital expenditure & funds sources														
Capital expenditure														
Transfers recognised- capital	22,855	2,003	24,858			20,420		(4,438)	82,1%	89,3%				24,350
Public contributions & donations	-	-	-			-		-						
Borrowing	-	-	-			-		-						
Internally generated funds	10,712	(984)	9,728			1,252		(8,476)	12,9%	11,7%				7,107
Total sources of capital funds	33,567	1,019	34,586			21,672		(12,914)	62,7%	64,6%				31,457
Cash flows														
Net cash from (used) operating	37,262	378	36,884			51,607		14723	139,9%	138,5%				26,550



Chapter 5

Net cash from (used) investing	32,377	959	(33,336)			(21,898)		11,438	65,7%	67,6%				(43,236)
Net cash from (used) financing	(346)	-	(346)			(409)		(63)	118,3%	118,3%				(108)
Cash/cash equivalents at the year end	8,114	8,198	6,777			32,875		26,098	485,1%	405,2%				3,575
T 5.1.1														

Notes

3 = sum of column 1 and 2

2 represents movements in original budget to get to final adjustment budget (including shifting of funds)

Virements must offset each other so that virements in Total

Expenditure equals zero

6 = sum of column 3, 4 and 5

8 does not necessarily equal the difference between 9 and 8 because overspending is not the only reason for unauthorised expenditure

9 = 7 - 6

10 = (7/6)*100

11 = (9/1)*100

14 = 13 - 12

15 in revenue equals Audited Outcome plus funds actually recovered

15 in expenditure equals Audited Outcome less funds actually recovered

15 in Cash Flow equals Audited Outcome plus funds recovered

This schedule must be part of the financial statements of the municipality (all other schedules, A2 - A7, should form part of the annexure to the financial statements. These schedules do not directly form part of the audit opinion)



Chapter 5

Financial Performance of Operational Services						
Description	2013/14	2014/15			Year 2013/14 Variance	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Operating Cost						
Water	-	-	-	-	-	-
Waste Water (Sanitation)	-	-	-	-	-	-
Electricity	611	1,770	(797)	597	33,7%	%
Waste Management	1,152	1,236	396	1,427	115,5%	0%
Housing	-	-	-	-	-	-
Component A: sub-total	1,763	3,006	(401)	1,427	-243%	-89%
Waste Water (Stormwater Drainage)						
Roads	9,815	14,786	1,173	18,023	-149%	-120%
Transport						
Component B: sub-total	9,815	14,786	1,173	18,023	-149%	-120%
Planning	-	3,050	(93)	1877	-21%	0%
Local Economic Development						
Component B: sub-total	-	3,050	(93)	1,877	-21%	0%
Planning (Strategic &Regulatory)						
Local Economic Development						
Component C: sub-total						
Community & Social Services	-	-	-	-	-	-
EnvironmentalProtection	-	-	-	-	-	-
Health	-	-	-	-	-	-



Chapter 5

Security and Safety	4,676	1,013	(41)	897	79%	83%
Sport and Recreation	399	476	-	426	0%	0%
Corporate Policy Offices and Other	-	12,605	(61)	10,796	13%	12%
Component D: sub-total	5,075	14,094	-102	12,119	92%	95%
Total Expenditure	16,653	34,936	577	33,446	-0.52%	4%

T 5.1.2

COMMENT ON FINANCIAL PERFORMANCE

The overall performance on the budget of the municipality is indicative of the challenges experienced by the municipality, although improvement compared to the previous year, the budget assumptions were not achieved. This is mainly attributable to revenue targets in respect of rates and taxes not being achieved in that the general increase in rebate reduced income drastically.

T 5.1.3

5.2 GRANTS

Grant Performance							
Description	2013/2014	2014/2015			2014/2015 VARIANCE		Actual
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)	
<u>Operating Transfers and Grants</u>							
National Government:	58 383	89 963	93 136	63 295			



Chapter 5

Equitable share	41 989	64 971	64 971	44 920	-13.9%	0%	
Municipal Systems Improvement	800	934	934	890	-0%	-0%	
Department of Water Affairs	-	-	-	-	0%	0%	
Levy replacement	-	-	-	-	0%	0%	
Other transfers/grants [MIG]	15 594	24 058	27 258	17 485	0%	0%	
Provincial Government:	-	-	-	-			
Health subsidy							
Housing							
Ambulance subsidy							
Sports and Recreation							
Other transfers/grants [insert description]							
District Municipality:	-	-	-	-			
[insert description]							
Other grant providers:	-	-	-	-			
[insert description]							
Total Operating Transfers and Grants	58 383	89 963	93 136	63 295			
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.						T 5.2.1	

COMMENT ON OPERATING TRANSFERS AND GRANTS:

Note: For Municipal Infrastructure Grant (MIG) see T5.8.3. For other conditional transfers including Neighborhood Development Partnership Grant (NDPG); Public Transport Infrastructure and Systems Grant (PITS) see **Appendix L. T 5.2.2**

The variance is bigger than 10% in all the grants. The lowest variance is VDM grant-District grant for operation and maintenance of water and sewer at 24% due to the fact that it was withdrawn in march 2012 and few transfers were made to cover for salaries of seconded staff



Chapter 5

5.3 ASSET MANAGEMENT

INTRODUCTION TO ASSET MANAGEMENT

Asset Management is crucial in the sustainability of the municipality. Our Capital budget was mainly composed of projects funded by MIG and only few Assets to be funded by own sources. Most projects were multi year projects from prior year and only Tshilamba streets and Tshidongololwe Low Level Bridge were new projects.

Asset ManagementsSection has only 1 official and an Intern; It has one vacancy for the Manager Assets which we were in the process of appointing by year end.

T 5.3.1



Chapter 5

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				
Asset 1				
Name	COMPACTOR TRUCK			
Description	UD90 COMPACTOR TRUCK			
Asset Type	TRUCK			
Key Staff Involved	WASTE MNAGEMENT SECTION			
Staff Responsibilities	COLLECT WASTE			
Asset Value	Year -3	Year -2	Year -1	Year 0
				R1 171 703.00
Capital Implications	SERVICES WILL BE RENDERD TO MORE AREAS			
Future Purpose of Asset	REMOVAL OF WASTE			
Describe Key Issues	TO DELIVER SERVICE FAST AND SIMPLE			
Policies in Place to Manage Asset	FIXED ASSET POLICY			



Chapter 5

Asset 2				
Name	PAPER SHREDER			
Description	REXEL PAPER SHREDER MACHINE			
Asset Type	OFFICE EQUIPMENT			
Key Staff Involved	EXPENDITURE MANAGER			
Staff Responsibilities	MAKING PAYMENTS			
Asset Value	Year -3	Year -2	Year -1	Year 0
				R 8 650.00
Capital Implications	STAFF WILL DESTROY PAPERS EASLY			
Future Purpose of Asset	DISTROYING PAPERS			
Describe Key Issues	TO DESTROY CONFIDENTIOL INFORMATION IN A SAFE WAY			
Policies in Place to Manage Asset	FIXED ASSET POLICY			
Asset 3				



Chapter 5

Name	COMPRESSOR			
Description	AIR COMPRESSOR 250L 220V			
Asset Type	PLANT & EQUIPMENT			
Key Staff Involved	MECHANIC			
Staff Responsibilities	SENIOR ARTISAN			
Asset Value	Year -3	Year -2	Year -1	Year 0
				R13 748.75
Capital Implications	VIHECLES WILL BE MAINTAINED, REDUCE ACCIDENT			
Future Purpose of Asset	SERVICE DELIVERY			
Describe Key Issues	THE DRIVERS AND THE EMPLOYEES WILL BE SAFE			
Policies in Place to Manage Asset	FIXED ASSET POLICY			
T 5.3.2				



Chapter 5

COMMENT ON ASSET MANAGEMENT:

It can be noted from our Capital budget that our primary focus is building infrastructure projects to have better access to and from our Areas for better service T 5.3.3

Repair and Maintenance Expenditure: Year 2014/2015				
				R' 000
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	5,373	74,267	5,683	8%
				T 5.3.4

COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:

With the Adjustment Budget 2012/13, the budgeted amount was reduced by 16%, due to maintenance which was initially budgeted for, but did not seem urgent. Of the Adjustment budget, 33.5% was spent, which is quite in line with average expenditure for the 2012/13 Financial Year

T 5.3.4.1

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET



Chapter 5

5.5 CAPITAL EXPENDITURE

INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

From our capital budget , it can be seen that our main objective is to upgrade and maintain assets for better access to and from our

T5.5.0

5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: 2014/15										
Details		2013/2014	Year 2014/15					2014/15		
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)	Original Budget (OB)	Adjustment Budget	Actual
Source of finance										
	External loans									
	Public contributions and donations									
	Grants and subsidies	24 349 873	22 855 100	2 485 800	20 420 175	11%	89%			
	Other	7 107 007	10 712 000	9 728 344	1 252 298	91%	12%			
Total		31 456 880	33 567 100	12 214 144	21 672 273	102%	101%			
Percentage of										



Chapter 5

<i>finance</i>										
	External loans	0%	0%	0%	0%	0%	0%			
	Public contributions and donations	0%	0%	0%	0%	0%	0%			
	Grants and subsidies	100%	84%	95%	99%	11%	89%			
	Other	0%	16%	5%	1%	91%	12%			
Capital expenditure										
	Water and sanitation									
	Electricity									
	Housing									
	Roads and storm water	28 855 973	19 255 100	23 743 736	20 420 175	123%	106%			
	Other	7 600 907	14 312 000	10 842 608	1 252 298	76%	9%			
Total		36 456 880	33 567 100	34 586 344	21 672 473	199%	115%			
<i>Percentage of expenditure</i>										
	Water and sanitation	0%	0%	0%	0%	0%	0%			
	Electricity	0%	0%	0%	0%	0%	0%			
	Housing	0%	0%	0%	0%	0%	0%			
	Roads and storm water	9%	85%	83%	79%	123%	106%			
	Other	6%	15%	17%	21%	76%	9%			
<i>T 5.6.1</i>										

COMMENT ON SOURCES OF FUNDING:



Chapter 5

Capital Project was funded by MIG and the municipality utilised 100% of the Allocation received in the 2011/2012 financial year.

T 5.6.1.1

R' 000					
Name of Project	Current: Year 2014/2015			Variance: 2013/14	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
Masisi street	-	3,000,000	2,493,316	100%	-151%
Tshilamba street	18,500,000	17,457,529	2,871,701	-67%	-29%
<i>* Projects with the highest capital expenditure in Year 0</i>					
Name of Project - A	Masisi street Paving				
Objective of Project	Paving of internal street				
Delays	Supply of Materials				
Future Challenges	None				
Anticipated citizen benefits	paved streets and easy access				
Name of Project - B	Tshilamba street Tarring				
Objective of Project	Streets Paving				
Delays	Submission of As built drawings(Designs)				
Future Challenges	None				
Anticipated citizen benefits	Tarred Streets and Accessible Streets with the township				
Name of Project - D					
Objective of Project					
Delays					
Future Challenges					
Anticipated citizen benefits					
Name of Project - E					
Objective of Project					
Delays					



Chapter 5

Future Challenges	
Anticipated citizen benefits	
T 5.7.1	

COMMENT ON CAPITAL PROJECTS:

Capital projects were funded from MIG grant. Projects were progressing smoothly as there were no hiccups encountered during the year

T 5.7.1.1

5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

Service Backlogs as at 30 June Year 2015		
	Households (HHs)	
	Service level above minimum standard	Service level below minimum standard



Chapter 5

	No. HHs	% HHs	No. HHs	% HHs
Water		%		%
Sanitation		%		%
Electricity		%		%
Waste management	1105	13%	21264	87%
Housing		%		%
% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.				
T 5.8.2				

Municipal Infrastructure Grant (MIG)* Expenditure Year 2014/15 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport	24,058,000	19,748	15,594,954	-33%	- 4719759394%	
<i>Roads, Pavements & Bridges</i>	24,058,000	19,748	15,594,954	-33%	- 4719759394%	
<i>Storm water</i>				%	%	
Infrastructure – Electricity				%	%	
<i>Generation</i>				%	%	
<i>Transmission & Reticulation</i>				%	%	
<i>Street Lighting</i>				%	%	
Infrastructure – Water				%	%	
<i>Dams & Reservoirs</i>				%	%	
<i>Water purification</i>				%	%	
<i>Reticulation</i>				%	%	
Infrastructure – Sanitation				%	%	
<i>Reticulation</i>				%	%	



Chapter 5

<i>Sewerage purification</i>				%	%	
Infrastructure – Other				%	%	
<i>Waste Management</i>				%	%	
<i>Transportation</i>				%	%	
<i>Gas</i>				%	%	
Other Specify:				%	%	
				%	%	
				%	%	
				%	%	
Total				%	%	

* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

T 5.8.3

COMMENT ON BACKLOGS:

MIG funds have been used in the 2011/12 financial year to reduce the backlogs in Basic Services in particular tarring/paving of roads

T 5.8.4

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Cashflow Management is of the utmost importance. We need to ensure that the income is coming in as importance of managing cash flow will make sure that income is detected early and will ensure that expenditure is managed accordingly.



Chapter 5

Cashflow of Council is monitored and reported to the Municipal Manager on a daily basis.

T 5.9

5.9 CASH FLOW

Cash Flow Outcomes				
R'000				
Description	2013/2014	Current: Year 2014/2015		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	9,781	9,594	358	6,946
Government – operating	48,460	70,265	184	69,084
Government – capital	40,238	22,855	(160)	27,246
Interest	1,510	280	280	1,625
Dividends	-	-	-	-
Payments				
Suppliers and employees	(73,300)	(66,152)	(1005)	(53,183)
Finance charges	(139)	(119)	(34)	(110)
Transfers and Grants				
NET CASH FROM/(USED) OPERATING ACTIVITIES	26.550	37,262	(378)	51,607
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE	(79)	-		-
Decrease (Increase) in non-current debtors	-	1000		-
Decrease (increase) other non-current receivables	-	250		
Decrease (increase) in non-current investments				
Payments				



Chapter 5

Capital assets	-	(33,627)	(959)	(21,898)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(43,236)	(32,377)	(959)	(21,898)
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans	-	-	-	-
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits	-	3	-	-
Payments				
Repayment of borrowing	(108)	(349)	-	(409)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(108)	(346)	-	(409)
NET INCREASE/ (DECREASE) IN CASH HELD	(16,794)	4,539	(1,337)	(29,300)
Cash/cash equivalents at the year begin:	20,369	3,575	4,996	3,575
Cash/cash equivalents at the year end:	3,575	8,114	8,198	32,875
Source: MBRR A7		T 5.9.1		

COMMENT ON CASH FLOW OUTCOMES:

Due to MLM making investments of portions of Grant money when received to be available when the money was needed for earmarked expense, it was achieved to end off the 2011/12 financial year with a positive cash flow

T 5.9.1

5.10 BORROWING AND INVESTMENTS

INTRODUCTION TO BORROWING AND INVESTMENTS



Chapter 5

The Municipality's current loans balance, including finance lease items, totalled R1 048 million as outstanding when compared with R1 206 million for 2012/13. An additional finance lease was taken up during the current year. The Municipality is currently servicing its borrowing debt monthly with financial institutions, being Rand Merchant Bank.

The Municipality embarked on short term investment throughout the financial year. The short term version of investment has increased due to increasing liquid cash flow.

T 5.10.1

Actual Borrowings: 2014/15			
Instrument	2012/2013	2013/2014	2014/2015
Municipality			
Long-Term Loans (annuity/reducing balance)	-	432,996	432,996
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit	0	0	0
Financial Leases	228,000	341,218	-
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Municipality Total	228,000	774,214	432,996
Municipal Entities			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			



Chapter 5

Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
Entities Total	0	0	0
<i>T 5.10.2</i>			

5.11 PUBLIC PRIVATE PARTNERSHIPS

PUBLIC PRIVATE PARTNERSHIPS

There were no PPP in the year under review

T 5.11.1

COMPONENT D: OTHER FINANCIAL MATTERS

5.12 SUPPLY CHAIN MANAGEMENT

The following was undertaken during the period under review:

- As part of budget related policies, SCM policy was revised and adopted by Council in May 2013
- It was agreed that procedure Manual should be developed as a tool to strength SCM controls.
- All three bid committee systems were in place, and the committees were appointed and assign delegations.



Chapter 5

- Monthly reports, quarterly and annual SCM reports were published as per requirements.

In addition to the above, employee training is an ongoing intervention. Plans and processes are in place to propel SCM officials to attend competency course. The CFO has completed the course after year end of the financial year, while the other members of staff are had completed. Other junior SCM practitioners are sent on NQF equivalent training courses as and when required.

The concern with regards to skill shortages, as cited by the Auditor General, will be addressed through the recruitment of skilled staff. This process is envisaged for completion in January 2014. A proposed new structure is expected to be implemented by the end of 2015 financial year, which will result in the unit complying with the SCM system.

T 5.12.1

5.13 GRAP COMPLIANCE

GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.

Mutale Municipality is aware of the new accounting standards that have been published for implementation during the 2014/2015 financial year. These standards have been complied with in the preparation of the 2014/2015 Annual Financial Statements in all material respects.

This compliance is required to improve transparency surrounding the financial information which has been prepared. The guidance provided in the new accounting statements, namely GRAP 18,20,32, 105,106, 107 and 108 have been utilized in the preparation of the 2013/14 Annual Financial Statements. IGRAP 1 was considered when impairing Traffic fines. The budget information was presented as statement.



CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

T 6.0.1

COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR - 1

COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)

6.1 AUDITOR GENERAL REPORT YEAR 0

REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO PROVINCIAL LEGISLATURE AND THE COUNCIL ON MUTALE LOCAL MUNICIPALITY

REPORT ON THE FINANCIAL STATEMENTS

INTRODUCTION

1. I have audited the financial statements of the Mutale Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2015, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget information with actual information for the year then ended, as well as the notes, comprising a summary of significant accounting policies and other explanatory information.

ACCOUNTING OFFICER'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA), and the Division of Revenue Act of South Africa, 2014 (Act No. 10 of 2014) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR-GENERAL'S RESPONSIBILITY

3. My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements, and plan and perform the audit to obtain

Chapter 6

reasonable assurance about whether the financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the municipality's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the municipality's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

BASIS FOR QUALIFIED OPINION

Property, plant and equipment

6. During 2014, the municipality did not capitalise items of property, plant and equipment, amounting to R1 759 776, in accordance with SA Standards of GRAP 17, *Property, plant and equipment*. My audit opinion on the financial statements for the period ended 30 June 2014 was modified accordingly. My opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures.
7. In addition, I have identified unexplained differences between the financial statements and the asset register amounting to R1 838 425. Furthermore, differences amounting to R1 285 354 were also identified between the accumulated depreciation per the underlying records and note 6 to the financial statements. The municipality's accounting records did not permit the application of alternative means. Consequentially, I was unable to determine the impact of these amounts on the total assets to the value of R101 480 811 as disclosed in note 6 to the financial statements.

Cash flow statement

8. I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding figures for Net cash inflow from operating activities. The restatement was made to rectify a prior year misstatement, but the restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any adjustment to the Net cash inflow from operating activities corresponding figure stated at R15 989 223 in the financial statements was necessary.

QUALIFIED OPINION

9. In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of the Mutale local municipality as at 30 June 2015 and its financial performance and cash flows for the year then ended, in accordance with SA standards of GRAP and the requirements of the MFMA, and DoRA.

Chapter 6

EMPHASIS OF MATTER

10. I draw attention to the matters below. My opinion is not modified in respect of these matters.

IRREGULAR EXPENDITURE

11. As disclosed in note 33 to the financial statements the municipality incurred irregular expenditure amounting to R179 666 due to the contravention of the municipality's procurement policy.

FRUITLESS AND WASTEFUL EXPENDITURE

12. As disclosed in note 33 to the financial statements the municipality incurred fruitless and wasteful expenditure amounting to R2 028 363 due to late payment to suppliers.

RESTATEMENT OF CORRESPONDING FIGURES

13. As disclosed in note 45 to the financial statements, the corresponding figures for 30 June 2015 have been restated as a result of an error discovered during 2015 in the financial statements of the municipality at, and for the year ended, 30 June 2014.

MATERIAL LOSSES

14. As disclosed in notes 2 and 5 to the financial statements, material losses to the amount of R3 079 392 were incurred as a result of assets and inventory write offs.

ADDITIONAL MATTERS

15. I draw attention to the matters below. My opinion is not modified in respect of these matters.

UNAUDITED SUPPLEMENTARY SCHEDULES

16. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited this schedule and, accordingly, I do not express an opinion thereon.

UNAUDITED DISCLOSURE NOTES

17. In terms of section 125(2)(e) of the MFMA the municipality is required to disclose particulars of non-compliance with the MFMA. This disclosure requirement did not form part of the audit of the financial statements and accordingly I do not express an opinion thereon.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

18. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report findings on the reported performance information against predetermined objectives for selected objectives presented in the annual performance report, compliance with legislation and internal control. The objective of my tests was to identify reportable findings as described under each subheading, but not to gather evidence to express assurance on these matters. Accordingly, I do not express an opinion or conclusion on these matters.

PREDETERMINED OBJECTIVES

Chapter 6

19. I performed procedures to obtain evidence about the usefulness and reliability of the reported performance information for the following selected objectives presented in the annual performance report of the municipality for the year ended 30 June 2015:
 - Service delivery on pages 14 to 20
 - Local economic development (LED) on pages 20 to 21
20. I evaluated the reported performance information against the overall criteria of usefulness and reliability.
21. I evaluated the usefulness of the reported performance information to determine whether it was presented in accordance with the National Treasury's annual reporting principles and whether the reported performance was consistent with the planned objectives. I further performed tests to determine whether indicators and targets were well defined, verifiable, specific, measurable, time bound and relevant, as required by the National Treasury's *Framework for managing programme performance information* (FMPPI).
22. I assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
23. The material findings in respect of the selected objectives are as follows:

LOCAL ECONOMIC DEVELOPMENT

USEFULNESS OF REPORTED PERFORMANCE INFORMATION

24. Performance indicators should be well defined by having clear definitions so that data can be collected consistently and is easy to understand and use, as required by the FMPPI. A total of 40% of the indicators were not well defined. This was because management did not adhere to the requirements of the FMPPI and a lack of proper systems and processes for the development of performance indicators and targets included in the SDBIP.
25. The processes and systems that produced the indicator should be verifiable, as required by the FMPPI. A total of 100% of the indicators were not verifiable. This was because management did not adhere to the requirements of the FMPPI and a lack of proper systems and processes for the development of performance indicators and targets included in the SDBIP.

Reliability of reported performance information

26. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. We were unable to obtain the information and explanations we considered necessary to satisfy ourselves as to the reliability of the reported performance information. This was due to the fact that the auditee could not provide sufficient appropriate evidence in support of the reported performance information.

SERVICE DELIVERY

USEFULNESS OF REPORTED PERFORMANCE INFORMATION

Chapter 6

27. Section 41(c) of the Municipal Systems Act requires the integrated development plan to form the basis for the annual report, therefore requiring consistency of objectives, indicators and targets between planning and reporting documents. A total of 69% of the reported indicators were not consistent with those in the approved integrated development plan. This was due to a lack of proper systems and processes to ensure consistency between planned and reported information.
28. The processes and systems that produced the indicator should be verifiable, as required by the FMPPI. A total of 100% of the indicators were not verifiable. This was because management did not adhere to the requirements of the FMPPI and a lack of proper systems and processes for the development of performance indicators and targets included in the SDBIP.

Reliability of reported performance information

29. The FMPPI requires auditees to have appropriate systems to collect, collate, verify and store performance information to ensure valid, accurate and complete reporting of actual achievements against planned objectives, indicators and targets. The reported performance information was not valid, accurate and complete when compared to the source information or evidence provided. This was due to a lack of standard operating procedures for the measurement, recording and monitoring of performance.

ADDITIONAL MATTERS

30. I draw attention to the following matters. My conclusion is not modified in respect of these matters:

ACHIEVEMENT OF PLANNED TARGETS

31. Refer to the annual performance report on pages x to x for information on the achievement of the planned targets for the year. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information for the selected development priority reported in paragraphs xx to xx of this report.

UNAUDITED SUPPLEMENTARY SCHEDULES

32. The supplementary information set out on pages xx to xx does not form part of the annual performance report and is presented as additional information. I have not audited these schedules and, accordingly, I do not report thereon.

COMPLIANCE WITH LEGISLATION

33. I performed procedures to obtain evidence that the municipality had complied with applicable legislation regarding financial matters, financial management and other related matters. My material findings on compliance with specific matters in key legislation, as set out in the general notice issued in terms of the PAA, are as follows:

ANNUAL FINANCIAL STATEMENTS, PERFORMANCE AND ANNUAL REPORTS

34. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets, current assets, and expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected, resulting in the financial statements receiving a qualified audit opinion.

Chapter 6

35. Financial statements were not submitted for auditing within two months after the end of the financial year, as required by section 126(1)(a) of the MFMA.

PROCUREMENT AND CONTRACT MANAGEMENT

36. Prospective providers were not invited to apply for listing in the list of approved prospective providers at least once a year as per the requirements of SCM regulation 14(1)(a)(ii) and 14(2).
37. Contracts and quotations were awarded to bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c).

ASSET MANAGEMENT

38. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.
39. An effective system of internal control for assets (including an asset register) was not in place, as required by section 63(2)(c) of the MFMA.

EXPENDITURE MANAGEMENT

40. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
41. Reasonable steps were not taken to prevent unauthorised expenditure, irregular expenditure and fruitless and wasteful expenditure, as required by section 62(1)(d) of the MFMA.

INTERNAL CONTROL

42. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with legislation. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

LEADERSHIP

43. The municipality did not have sufficient monitoring controls to ensure the proper implementation of the overall financial and performance management system process of reporting.
44. Management did not always provide the required supervision and review over daily/monthly recording of transactions to strengthen the internal controls and ensure that the municipality complies with all laws and regulations.
45. The municipality developed a plan to address internal and external audit findings, but the appropriate level of management did not timely monitor adherence to the plan.

FINANCIAL AND PERFORMANCE MANAGEMENT

46. The municipality did not properly reconcile its fixed assets register to the underlying accounting records.

Chapter 6

47. The municipality did not have a proper system of record management that provides for the maintenance of information that supports the reported performance contained in the annual performance report.
48. The annual performance report was not supported and evidenced by reliable information. This was mainly due to lack of standard operating procedures for the collection, collation and verification of performance information.
49. The financial statements were not reconciled to the underlying records to ensure the accuracy, completeness and reliability of reported financial results.

GOVERNANCE

50. Those charged with governance did not provide adequate oversight over the effectiveness of the internal control environment, including financial and performance reporting and compliance with laws and regulations.

Polokwane

11 January 2016



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

T 6.2.3

Chapter 6

COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 0:

T 6

COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief Financial Officer)..... Dated

T 6.2.5



APPENDICES

APPENDICES

Performance of Service Providers: 2014/2015 financial year

No.	Service Provider	Project name	Type of project	Performance target (2014/2015)	Actual performance achieved by the end of the financial year	Action taken to address poor performance
1	DDp Valuers	Valuation roll	Property valuation	Implementation of new valuation roll	Valuation roll register	None
2	Nevhutalu consulting	Tshilamba Streets Tarring Phase 1	Infrastructure (roads)	Upgrading of streets from gravel to Tarred road	Construction monitoring	Regular project Steering committee meetings
		Tshilamba streets Phase 2	Infrastructure (roads)	Upgrading of streets from gravel to Tarred road	Design to tender stage	None

Contents

3	Boitusong Tracing consulting	Masisi streets 1	Infrastructure (roads)	Upgrading of streets from gravel to surfaced	Project Completed	Convening contractual meetings
		Masisi streets 2	Infrastructure (roads)	Upgrading of streets from gravel to surfaced	Construction monitoring	Convening contractual meetings
4	Capstan Trading cc	Tshilamba streets Phase 2	Infrastructure (roads)	Upgrading of streets from gravel to Tarred road	Project behind scheduled time	To appoint competent service provider
5	Urnam Construction & Distribution/TR Building Construction	Masisi Streets Paving Phase 2	Infrastructure (roads)	Upgrading of streets from gravel to Paved surface	Project behind scheduled time	To appoint competent service provider

ORGANIZATIONAL PERFORMANCE SCORE CARD

KPA 1: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

Contents

Strategic Objectives	Priority Area	Key Performance Indicators	Baseline	Annual performance target	4 th Quarter Target	Actual	Variance	Challenges	Measures to improve performance
To ensure efficiency of controls, improved governance systems and accountability by 2016	Organizational Structure	Number of organizational structure reviewed	1	1	1	1	0	None	None
		Number of funded posts filled	9	12	-	12	0	None	None
		Number of HR policies reviewed	14	15	-	14			
	Skills Development	Number of employees trained	50	30	15				
	Human Resources	New office space constructed	0	1	-				
		Number of filing plan reviewed and approved	-	1	-				

Contents

		Number of municipal building maintenance plan	-	1	-				
	Occupational Health and Safety	Number of occupational health and safety meetings conducted	1	4	2				
	Employee Assistant Programme	Number of employee awareness campaigns conducted	1	2	1				
	Municipal legal services	Number of service level agreements signed	20	20	10				
	By-laws	Number of by-laws Promulgated	3	6	6				
	Labour relations	Number of labour relation workshops conducted	2	2	1				
		Number of local labour forum meetings held	4	4	2				

Contents

	PMS	Number of annual report compiled and adopted	1	1	-	1	0	None	None
		Number of mid-year report compiled and adopted	1	1	1	1	0	None	None
		Number of quarterly reports compiled	4	4	2	4	0	None	None
		Number of signed performance agreement by section 54 A and 56 managers	3	3	-				
		Number of PMS policy reviewed and adopted	1	1	-				
		Number of SDBIP developed and approved	1	1	-				
		Developed and approval of job descriptions of all employees	0	127	127				

Contents

		Number of employees assessed on quarterly basis	0	127	-				
--	--	---	---	-----	---	--	--	--	--

KPA 2: SERVICE DELIVERY

Strategic Objective	Priority Area	Performance Indicator	Baseline	Annual Target	4 th Quarter Target	Actual	Variance	Challenges	Measures to improve performance
To improve access to services through provision, operation and maintenance of waste management infrastructure by 2016	Waste Management	Number of household served with waste removal once a week	3265	3265	3265				
		Number of waste management campaigns conducted	24	64	32				
		Number of waste management plan approved	0	1	-				
		Number of waste management by-laws developed	0	1	1				

Contents

		Number of waste management policy developed	0	1	1				
		Number of households benefiting 50% discount on waste removal	41	41	41				
To improve access to transport services through provision, operation and maintenance of socio-economic transportation infrastructure by 2016	Roads	Number of km of streets tarred road (Mutale extension 1 ring road)	17	5.2km	4.2 km				
		Cubic meters of gravel materials for filling dongas and regravelling on hot spots.	2919	30 240	15 128				
		Number of km of road bladed	214km	2000km	1000 km				
		Number of Culverts, including drifts constructed	36	13	13				

Contents

Facilitate with Eskom to improve access to electricity services through provision, operation and maintenance of electricity and energy infrastructure by 2016	Electricity and Energy Supply	Number of households without electricity facilitated for electrification	825	860 connections	340				
		Number of households receiving free basic electricity	1174	1487	1487				
Facilitate with the department of Co-operatives Human Settlement and Traditional Affairs to ensure the provision of houses by 2016	Housing Services	Number of facilitated houses built	652	450 units	100				
To ensure administration and management of land use development in line with SPLUMA	Spatial Planning	Demarcation of sites	244	400	200				
		Number of land use application received and processed	20	30	20				
		Number of SDF reviewed	01	01	-				

Contents

To ensure proper coordination of municipal sports , Arts and Culture	Sports, Arts and Culture Facilities & Programmes	Number of sports facilities to be constructed	2	3	-				
		Number of sports ground maintained	10	13	7				
		Number of feasibility study on sports facility	0	1	-				
		Number of Sports, Arts & Culture Programmes	4	5	3				
To ensure proper registration and licensing as per Road Traffic Act at all time by 2016	Vehicle Registration and Licenses	Number of vehicles registered	691	700	350				
		Number of vehicles licensed	3660	3700	1 850				
To respond to all accidents reported	Accident Response	Number of reported accident responded to	235	235	118				
To ensure that all monies due to the municipality for traffic fines are recovered	Execution of warrant of arrest	Number of warrant executed	331	360	180				
To ensure that awareness campaign	Public awareness	Number of awareness	10	10	5				

Contents

are conducted		conducted							
To ensure compliance with SANS when testing vehicle for road worthy by 2016	Vehicle road worthy testing	Number of vehicles tested for road worthy	331	360	180				
To ensure compliance with relevant legislation when testing drivers license by June 2016	Learners and Drivers Licence	Number of learners licence application tested	2989	2700	1350				
		Number of drivers license applicants tested at 30 June 2015	1718	1500	750				
To ensure roads safety at all times	Road Safety	Number of roadblocks conducted	25	24	12				
		Number of speed prosecution conducted	95	156	78				
To ensure prompt respond to all reported disaster incidents	Disaster Management	Number of response to all reported disaster and other related incidents	372	500	250				

Contents

To ensure proper disaster risk assessment	Disaster Management	Number of disaster risk assessment conducted	04	04	2				
To ensure proper disaster risk reduction	Disaster Management	Number of disaster awareness campaign conducted	09	04	2				
	Disaster Management	Number of disaster training conducted	09	04	2				

KPA 3: LOCAL ECONOMIC DEVELOPMENT

Strategic Objectives	Priority Area	Key Performance Indicator	Baseline	Annual Target	4 th Quarter Target	Actual	Variance	Challenges	Measures to improve performance
To ensure sustainable	Tourism	Number of brochures developed	2000	3000	-				

Contents

economic growth and improve livelihoods of the people through Local Economic Development by 2016		Number of business plans developed	0	2	-				
	SMME	Number of partnership formulated	0	1	1				
		Number of SMME training facilitated	0	7	3				
	Job creation	Number of EPWP job created	135	52	-				

Contents

KPA 4. FINANCIAL VIABILITY

Strategic Objectives	Priority Area	Key Performance Indicator	Baseline	Annual Target	4 th Quarter Target	Actual	Variance	Challenges	Measures to improve performance
To ensure the implementation of credit control policy and increase revenue base to reduce high debt rate by June 2016	Revenue Management	Rand value increase of collection rate by 1,344,334	Own revenue of R6 655 663	R8 000 000	R4000 000	R5 037 878	R1 037 878	None	Implement revenue enhancement strategy
		reduction of consumer debtor's balance	R528 906.38	R1 000 000	R500 000	R807 931	R307 931		
		Number of budget related policies reviewed	13	13	-	0	0	None	None
	Credit Control Management	Reduction of debts of 120 days and over by 60%	R4 831 165-27	60%	30%	75.64%	15.64%	Non payment Dispute with Rural development	Engagement with Rural Development Credit control implementation
	Expenditure management	Number of creditor's reconciliations prepared	12	12	6	6	0	Staff shortage	Appoint Creditors Clerk

Contents

			No of payments made within 30 days	50	100	50	57	-7	None	None
		Supply Chain Management	Number of SCM compliance report	12	12	6	6	0	None	None
			Number of tenders advertised or place in the website and notice board for 7 days	06	20	10	13	-3	None	None
			No of data base rotation conducted	47	100	50	60	-10		Advertise for supplier registration on Database
			Updated contract register conducted	01	1	-	0	0		Legal service to ensure that contract register is

Contents

									updated
		Bids evaluated, adjudicated, awarded and contract signed within 60 days	09	16	8	10	-2	Delay in appointment of Bid committee member	
	Asset Management	Number of asset register updated	1	4	2	8	0	None	None
		Number of assets verification conducted	2	4	2	1	1	None	None
		Number of fleet management reports compiled	12	12	6	6	0	None	None
	Budget & Reporting	Number of Annual budget approved by council	1	1	-				

Contents

		Number of adjusted budget approved by council	1	1	-				
		Number of section 71 reports developed	12	12	6				
		Number of section 52 reports developed	4	4	2				
		Number of annual financial statement prepared	1	1	-				
	Audit report	Improved audit opinion report	Disclaimer	Qualification	Qualification			Assets Management Compliance with legislations	Compile and implement Audit remedial Action plan
	Information Technology	Increase server capacity and Reconfiguration of website	4	2	2				

Contents

		Number of wireless connection and software upgraded	7	7	7				

KPA 5: GOOD GOVERNANCE

Strategic Objectives	Priority Area	Key Performance Indicators	Baseline	Annual Target	4 th Quarter Target	Actual	Variance	Challenges	Measures to improve performance
To promote a culture of accountability, participatory, responsiveness, transparency and clean governance by 2016	IDP	Number of credible IDP developed	1	1	-	1	0	None	None
		Number of steering committee meetings held	6	9	9				
		Number of IDP budget rep forums held	4	4	4				
		Number of public	13	13	13	13	0	None	None

Contents

		consultation meetings held							
		Number of IDP process plan developed	01	01	1	1	0	None	None
	Communication	Number of external newsletter generated	0	2	1	0	1	Financial constraints	
		Number of internal newsletters	0	4	2			Lack human resource	
		Number of public participation meetings held	28	28	28	28	0	None	None

Contents

		Number of imbizos (community outreach) held	0	4	2	1	1	Poor coordination	
		Number of Communication Strategy Reviewed	1	1	-				
		Number of State Municipal Address by the Mayor	1	1	-				
		Number of local communicators forum held	4	4	2				
To assist management ensuring internal controls are adequate and effective all times	Internal Audit	Number of adopted internal audit charter reviewed	1	1	-				
		Number of adopted audit committee charter reviewed	1	1	-				

Contents

		Number of internal audit report compiled	7	5	3				
		Number of Adopted internal Audit plan reviewed	1	1	-				
To ensure an effective and efficient risk management processes	Risk Management	Number of Risk assessment	2	2	-				
		Number of risk management policy reviewed	1	1	-				
To monitor and evaluate implementation of 2014 /15 IDP and SDBIP	Monitoring and evaluation	Number of project monitoring site visits is conducted	40	20	10				
To ensure	Special	Number of child rights awareness	0	1	-				

Contents

maximum empowerment of disadvantage focus in order to have social and economic equality by 2014/15	Programme	campaign conducted							
		Number of fun day held	1	1	-				
		Number of ward visits conducted	13	13	13				
		Number of Mutale old day held	1	1	1				
		Number of Health talk and HIV/AIDS campaign conducted	0	1	1				
		Number of disability day held	0	1	-				
		Number of MRM awareness campaigns conducted	2	1	-				

VOLUME II

VOLUME II: ANNUAL FINANCIAL STATEMENTS

Provide the Annual Financial Statements (AFS) to the respective financial year as submitted to the Auditor-General. The completed AFS will be Volume II of the Annual Report.

MUTALE

LOCAL MUNICIPALITY



Contents

**ANNUAL FINANCIAL STATEMENTS
ENDED**

**FOR THE YEAR
30 JUNE 2015**

**Annual
Financial
Statements**

for

Mutale Municipality

for the year ended 30 June: **2015**

Province: **Limpopo**

AFS rounding: **R (i.e. only cents)**

Contact Information:

Name of Municipal Manager:	Razwiedani Shumani Samuel
-----------------------------------	---------------------------

Name of Chief Financial Officer:	Ramadiga Melvin Marutha
---	-------------------------

Contact telephone number:	015 967 9608
---------------------------	--------------

Contact e-mail address:	melvinm@mutale.gov.za
-------------------------	--

Name of contact at provincial treasury:	Rapholo M.G
--	-------------

Contact telephone number:	015 291 8437
---------------------------	--------------

Contact e-mail address:	rapholomg@treasury.limpopo.gov.za
-------------------------	--

Contents

Name of relevant Auditor:	Auditor General South Africa
Contact telephone number:	015 283 9300
Contact e-mail address:	thabomog@agsa.co.za
Name of contact at National Treasury:	Sello Mashaba
Contact telephone number:	-
Contact e-mail address:	Sello.Mashaba@treasury.gov.za

Mutale Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015

General information

Members of the Council

Councillor A.S Rambuda
Councillor L.H Netshipise
Councillor A.H Nekhunguni
Councillor N.A Lieba
Councillor A.G Netshisaulu
Councillor T.J Ruluswinga
Councillor T.S Madume
Councillor L.D Mpondo
Councillor A.B Matshusa
Councillor K.P Tshivhenga
Councillor A.R Mavhungu
Councillor N.G Mawela
Councillor N.P Munzhelele
Councillor M.J Mariba
Councillor K.A Lukhalimana
Councillor H.N Nepthali
Councillor N.E Mudzielwana
Councillor T.S Pandelane
Councillor V.R Maisha
Councillor N.J Mukwevho

Mayor

Speaker

Chief Whip

Member of the Executive Committee

Member of the Executive Committee

Member of the Executive Committee

Contents

Councillor A.S Thabatshira
Councillor G.G Nekhubvi
Councillor J.K Khunwana
Councillor R.L Gababeni
Councillor M.P Mbedzi
Councillor L.M Netshisaulu

Municipal Manager

Mr Razwiedani S.S

Chief Financial Officer

Mr Marutha R.M

Grading of Local Authority

Grade 2

Auditors

Auditor-General

Bankers

First National Bank

Mutale Municipality ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2015

General information (continued)

Registered Office:

Old Manenu Building,Battalion Building,Mutale Town

Physical address:

New Municipal Offices

Contents

Mutale
0956

Postal address:

PRIVATE BAG X1254
MUTALE
0956

Telephone number:

015 967 9600

Fax number:

015 967 9677

E-mail address:

info@mutale.gov.za

Mutale Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages x to x, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors, loans made to Councillors, if any, and payments made to Councillors for loss of office, if any, as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Municipal Manager:

DATE

Contents

Mutale Municipality
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2015

Index	Page
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Information	9
Accounting Policies	10-20
Notes to the Annual Financial Statements	21-53

Mutale Municipality
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2015

	2015	2014
	R	R
9.1 TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		Restated
Trade creditors	9,788,297	2,877,901
Payments received in advance	76,319	108,457

Contents

Retentions	3,928,160	3,138,465
Staff leave accrual	3,738,986	2,891,285
Accrued bonus	915,826	757,359
Other creditors	3,759,629	8,612,286
Total	22,207,216	18,385,754

The fair value of trade and other payables approximates their carrying amounts.

Payables are non-interest-bearing and are normally settled on 30-day terms, except for retentions which are settled in terms of the contract agreement.

Payments received in advance are non-interest-bearing and normally settled on 30-day terms.

Management policies are in place to ensure that all payables are paid within a reasonable timeframe.

9.2 TRADE AND OTHER PAYABLES FROM NON EXCHANGE TRANSACTIONS

Vhembe funds received in advance	-	-
----------------------------------	---	---

10 CONSUMER DEPOSITS

Rental deposits	230,333	229,258
Total consumer deposits	230,333	229,258

Deposits are released when the owner/occupant/tenant of a property terminates the contract with the Municipality to rental to the property, or when certain contractual services are delivered.

11 VAT RECEIVABLE

Gross vat receivables	16,534,639	14,652,055
-----------------------	------------	------------

Contents

12

Impairment		(15,682,541)	(10,465,305)
Balance		852,098	4,186,750

The Mutale is registered for VAT on an invoice basis. The VAT receivables was impaired as a result of an impairment against debtors.

NON-CURRENT PROVISIONS

Provision for rehabilitation of landfill site	68,083	3,016,585	2,948,502
Provision for long-service awards	200,000	2,033,000	1,833,000
Total Non-Current Provisions	268,083	5,049,585	4,781,502

Environmental rehabilitation

Provision is made in terms of the Municipality's licensing stipulations on the waste landfill sites, for the estimated cost of rehabilitating waste sites. The valuation of waste landfill sites has been conducted internally, based on the detailed report of the actuarial valuation conducted in the current year by external consultants.

Provision for long-service awards

An actuarial valuation has been performed of the Municipality's liability for long-service leave benefits relating to vested leave benefits, to which employees may become entitled upon completion of 10 service and every five years thereafter. The provision is utilised when eligible employees receive the value of the vested benefits.

An external, independent actuary, having appropriate recognised professional qualifications and recent experience in this field was engaged to do valuation of long service award provision. The key assumptions used in the valuation, with the prior years' assumptions shown for comparison,

are summarised below:

Discount rate	8.24%	8.40%
CPI	5.98%	6.23%
Salary increase at rate 6.90%	6.98%	7.23%
Net discount rate	1.18%	1.09%
Mortality SA85-90 SA85-90	SA85-90	SA85-90

Contents

13

Normal retirement age	63	63
UNSPENT CONDITIONAL GRANTS AND RECEIPTS		
National Lottery Grant		
Municipal Infrastructure Grant	-	3,188,046
Disaster Grant		
EPWP Grant		
Total Unspent Conditional Grants and Receipts	-	3,188,046
Non-current unspent conditional grants and receipts	-	
Current portion of unspent conditional grants and receipts	-	-
Disaster Grant funds are invested in ring-fenced investment until utilised.		
Financial Management Grant (FMG)		
Balance unspent at beginning of year	-	-
Current year receipts	1,800,000	1,650,000
Conditions met - transferred to revenue	(1,800,000)	(1,650,000)
Conditions still to be met - remain liabilities	-	-
This grant was used to promote and support reforms to municipal financial management and the implementation of the MFMA, 2003. The conditions of the grant were met. No funds have been withheld.		
Municipal Infrastructure Grant (MIG)		
Balance unspent at beginning of year	3,188,046	-

Contents

Current year receipts	24,058,000	18,783,000
Conditions met - transferred to revenue	(27,246,046)	(15,594,954)
Funds withheld	-	-
Conditions still to be met - remain liabilities	0	3,188,046

This grant was used to construct municipal infrastructure to provide basic services for the benefit of communities. The conditions of the grant were met. No funds have been withheld.

Municipal Systems Improvement Grant (MSIG)

Balance unspent at beginning of year	-	-
Current year receipts	934,000	890,000
Conditions met - transferred to revenue	(934,000)	(890,000)
Conditions still to be met - remain liabilities	-	-

The grant is used to fund the unbundling of fixed assets, stipend for ward councillors and supplementary valuation roll.

14

BORROWINGS

Long-term loan	106,126	499,640
Non - current borrowings	106,126	499,640
Current portion transferred to current liabilities		
Long-term Loan	393,514	348,889
Total borrowings	499,640	848,529

Contents

Refer to Appendix A for more detail on borrowings.

15

FINANCE LEASE LIABILITY

			Present value
2015	Minimum lease payment	Future finance charges	of minimum lease payments
Amounts payable under finance leases	R	R	R
Within one year	83,988	(17,051)	66,937
Within two to five years	76,989	(5,642)	71,347
	160,977	(22,694)	138,283

Less: Amount due for settlement within 12 months (current portion)

			Present value
2014	Minimum lease payment	Future finance charges	of minimum lease payments
Amounts payable under finance leases	R	R	R
Within one year	87,922	(27,807)	60,114
Within two to five years	160,977	(22,787)	140,082
	248,899	(50,594)	200,197

Less: Amount due for settlement within 12 months (current portion)

The lease term is for 3 years escalating at 0% per annum and no arrangement have been entered into for contingent rent. Obligations under finance leases are secured by the lessor's title to the leased asset.

PROPERTY RATES

Contents

16

Actual

Property rates (Residential, commercial and state)	2,060,532	1,429,046
Other		
Total property rates	2,060,532	1,429,046
Less income forgone	(70,608)	(130,485)
Total	1,989,923	1,298,561

Income forgone is income that the Municipality is entitled by law to levy, which has subsequently been forgone by way of rebbate.

CATEGORIES

	Property rate	Total value of land plus improvement
PBO & CRECHES	0.0005	29,985,000
Household	0.002	182,258,000
Business	0.004	77,508,000
Industrial/ Commercial	0.005	2,341,000
State owned	0.004	213,972,000

The last general valuation came into effect on 1 July 2012, and is based on market-related values. Supplementary valuations are processed when completed by the Valuations Department annually, to take into account changes to individual property values due to alterations and subdivisions. Rates are levied on a daily basis and are payable monthly. Interest is raised monthly on accounts in arrears.

17

SERVICE CHARGES

	-	-
Refuse removal (Residential, Commercial)		

Contents

and State)	1,244,693	549,247
------------	-----------	---------

Less income forgone	(11,388)	(6,300)
---------------------	----------	---------

Total Service Charges	1,233,305	542,947
------------------------------	------------------	----------------

Income forgone is income that the Municipality is entitled by law to levy, which has subsequently been forgone by way of rebbate.

18

RENTAL OF FACILITIES AND EQUIPMENT

Rental of facilities	119,592	72,525
----------------------	---------	--------

Total rentals	119,592	72,525
----------------------	----------------	---------------

19

INTEREST EARNED - EXTERNAL INVESTMENTS

Bank	313,954	95,489
------	---------	--------

Financial assets	1,051,055	885,087
------------------	-----------	---------

Total interest	1,365,009	980,576
-----------------------	------------------	----------------

Due to stringent cash flow position, Municipality invest in call accounts for periods not exceeding two months to earn interest. Investments are done in line with the investment policy.

20

INTEREST EARNED - OUTSTANDING RECEIVABLES

Consumer Debtors	259,539	529,203
------------------	---------	---------

Total interest	259,539	529,203
-----------------------	----------------	----------------

Contents

21

GOVERNMENT GRANTS AND SUBSIDIES

Equitable Share	64,971,000	44,920,000
Expanded Public Works Programme Grant (EPWP)	1,354,741	1,000,000
Financial Management Grant (FMG)	1,800,000	1,650,000
Municipal Infrastructure Grant (MIG)	27,246,046	15,594,954
LGSeta	24,000	-
Local Economic Grant		
Disaster Grant	-	24,642,977
Total Government Grant and Subsidies	96,329,787	88,697,931

Equitable Share	64,971,000	44,920,000
------------------------	------------	------------

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All registered indigents receive a monthly subsidy of which is funded from the grant.

Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, 2013 of, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

22

OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS

Other income

Commission on Sale of sites	3,975,523	2,663,919
Sale of sites		

Contents

23

EMPLOYEE RELATED COSTS

	53,074	545,958
Other Income	561,195	432,154
Total Other Income	4,589,792	3,642,030

Commission on sale of sites constitute of proceeds from sale of stand were municipality does not have title deeds. There is an agreement with the tribal authority to sell stands on their behalf and Municipality is entitle to a commission.

Employee related costs - Salaries and Wages	20,325,659	19,568,511
Bonus	1,662,281	1,578,092
Workers Compensation Assistance		
Housing benefits and allowances	22,944	27,256
Overtime payments	357,821	464,887
Transport Allowances	2,744,212	2,794,424
Long-service awards	285,160	161,099
Performance bonus	14,937	5,524
Leave Gratuity	972,202	1,040,684
Cellphone Allowance	171,500	181,952
Subsistence Allowances		
Reimbursive Travelling Allowance	538,542	-
Shift and Acting Allowance	117,152	100,600
Other employee related costs	414,824	369,680
Total	32,611,676	31,109,202

Expenditure recharged to Capital Projects(In -House)

Contents

(3,062,179)

Total	32,611,539	28,047,023
--------------	-------------------	-------------------

There were no advances to employees

Remuneration of the Municipal Manager : S.S Razwiedani

Annual Remuneration	598,031	473,500
Travel and Related Allowances	283,546	198,937
Backpay	-	-
Cellphone Allowances	21,600	18,000
Contributions to UIF, Medical and Pension	149,923	117,621
Total	1,053,099	808,058

Remuneration of the Chief Finance Officer : R.M Marutha

Annual Remuneration	482,272	458,379
Travel and Related Allowances	261,810	217,121
Performance and other bonuses	-	-
Contributions to UIF, Medical and Pension	103,573	102,909
Leave Grauity	-	-
Acting Allowances	-	-
Total	847,656	778,409

Remuneration of Individual Executive Directors

Technical Services

Corporate Services

R

R

2015

Annual Remuneration	453,939	199,220
---------------------	---------	---------

Contents

Performance- and other bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	242,037	179,325
Contributions to UIF, Medical and Pension Funds	101,651	45,052
Total	797,628	423,597

Technical Services	Corporate Services
R	R

2014

Annual Remuneration	451,277	474,553
Performance- and other bonuses	-	-
Travel, motor car, accommodation, subsistence and other allowances	209,593	350,308
Contributions to UIF, Medical and Pension Funds	103,307	100,081
Total	764,177	924,942

REMUNERATION OF COUNCILLORS

Mayor	702,110	701,573
Speaker	631,330	543,841
Chief Whip	553,549	497,568
Executive Committee Members	1,088,371	1,086,123
Councillors	2,900,501	2,457,730
Councillors' pension and medical aid contributions	503,600	433,057
Councillors' allowances	1,590,413	1,401,778
Total Councillors' Remuneration		

Contents

		7,969,874	7,121,670
	Remuneration per councillor		
	Refer to note 43 for detail of remuneration per councillor.		
	In-kind Benefits		
	The Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
25	DEPRECIATION AND AMORTISATION EXPENSE		
	Property, plant and equipment	4,095,829	2,768,414
	Total Depreciation and Amortisation	4,095,829	2,768,414
26	FINANCE COSTS		
	Borrowings	110,380	139,310
	Other interest		
	Total Finance Costs	110,380	139,310
27	CONTRACTED SERVICES		
	Security	474,000	431,600
	Other		
	Professional	1,074,158	1,387,671
		1,548,158	1,819,271

Contents

28

GENERAL EXPENSES

Included in general expenses are the following:-

Advertising	221,110	225,095
Audit fees	1,613,513	1,648,629
Bank charges	155,497	105,489
Bursaries	50,733	5,099
Cleaning	100,340	80,163
Conferences and delegations	38,060	27,809
Entertainment	2,192	7,610
Electricity	1,349,033	1,282,579
Electrical Projects	-	16,667
Insurance	400,667	299,513
Legal expenses	665,290	208,530
Licence fees - vehicles	22,496	42,456
Postage	3,858	3,148
Printing and stationery	812,811	516,929
Professional fees	5,000	12,649
Rental of computer equipment	29,357	47,951
Other rentals		
Staff welfare	36,079	37,580

Contents

Telephone cost	472,111	369,176
Training	386,422	228,084
Travel and subsistence	489,696	305,812
Ward Committees	727,000	919,500
Cost of sale - Land	-	1,022,392
SALGA	551,000	526,000
Other	1,122,718	1,494,109
Landfil site expenditure	-	2,948,502
EPWP Expense	1,258,319	893,146
	10,513,300	13,274,615

Payment of electricity to ESKOM to subsidise the FBE portion supplied by ESKOM to residence in the municipal area of the Mutale Municipality.

29 LOSS ON DISPOSAL OF ASSETS

Property, plant and equipment		133,544
Loss on disposal	-	133,544

30 PROFIT ON FAIR VALUE ADJUSTMENT

Investment property carried at fair value	-	-
Total Profit on Fair Value Adjustment	-	-

31 CASH GENERATED BY OPERATIONS

Contents

Surplus for the year	39,238,645	29,205,788
Adjustment for:-		
Depreciation and amortisation	4,095,829	2,768,414
Provision for doubtful debts	8,843,409	14,401,876
Loss on disposal of assets	0	133,544
Inventory loss	2,798,651	-
Provision for Landfill site	68,083	2,948,502
Provision for long service awards	200,000	110,000
Prior year adjustment		
Operating surplus before working capital changes:	55,244,617	49,568,124
(Increase)/decrease in inventories	74,161	310,521
(Increase)/decrease in trade and other receivables from exchange transactions	(5,178,506)	125,001
Increase/(decrease) in conditional grants and receipts	(3,188,046)	(21,454,931)
Increase/(decrease) in trade payables	3,821,462	(12,575,314)
Increase/(decrease) in consumer deposits	1,075	15,824
Cash generated by/(utilised in) operations	50,774,763	15,989,224

CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Bank balances and cash	32,874,715	4,281,521
------------------------	------------	-----------

Contents

33

Net cash and cash equivalents (net of bank overdrafts)

32,874,715

4,281,521

**UNAUTHORISED, IRREGULAR,
FRUITLESS AND WASTEFUL
EXPENDITURE DISALLOWED**

33.1 Fruitless and wasteful expenditure

Reconciliation of fruitless and wasteful expenditure

Opening balance -

2,274,683

2,135,190

Fruitless and wasteful expenditure incurred in current year

2,028,363

139,493

Condoned or written off by Council

-

-

To be recovered – contingent asset

-

-

Fruitless and wasteful expenditure awaiting council determination

4,303,046

2,274,683

**Incident
Disciplinary steps/criminal proceedings**

Late payments of accounts

Over payment of councillor

33.2 Irregular expenditure

Reconciliation of irregular expenditure

Opening balance

30,153,461

6,414,131

Fruitless and wasteful expenditure incurred in current year

179,666

23,739,330

Condoned or written off by Council

-

-

Transfer to receivables for recovery – not condoned

Contents

34

Irregular expenditure awaiting council determination

30,333,127

30,153,461

Incident

Disciplinary steps/criminal proceedings

*Non-adherence to Supply Chain
Disciplinary hearing*

ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

Contributions to organised local government

Opening balance

-

450,000

Council subscriptions

500,000

500,000

Amount paid - current

-

(950,000)

Balance unpaid (included in payables)

500,000

-

Audit fees

Opening balance

-

899,471

Current year audit fee

2,319,120

1,853,838

Amount paid - current year

(2,319,120)

(2,787,594)

Amount paid - prior year

-

-

Balance unpaid (included in payables)

-

-

VAT

Contents

VAT input receivables and VAT output payables are shown in the note. All VAT returns have been submitted.

852,098	4,186,750
---------	-----------

PAYE and UIF

Opening balance	-	1,249,928
-----------------	---	-----------

Current year payroll deductions	3,995,279	3,860,488
---------------------------------	-----------	-----------

Amount paid - current year	(3,661,739)	(5,110,416)
----------------------------	-------------	-------------

Amount paid - prior year	-	
--------------------------	---	--

Balance unpaid (included in payables)	333,540	-
--	----------------	----------

Pension and Medical Aid Deductions

Opening balance	-	1,646,120
-----------------	---	-----------

Current year payroll deductions and Council Contributions	8,826,788	7,813,814
---	-----------	-----------

Amount paid - current year	(8,111,750)	(9,459,934)
----------------------------	-------------	-------------

Amount paid - prior year		
--------------------------	--	--

Balance unpaid (included in payables)	715,039	-
--	----------------	----------

Councillor's arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days as at: -

Total	Outstanding less than 90 days	Outstanding more than 90 days
R	R	R

as at 30 June 2015

-

Councillor KA Lukhalimana	1,714	599	1,115
---------------------------	-------	-----	-------

Councillor A.S Thambatshira	4,149	1,408	2,742
-----------------------------	-------	-------	-------

Contents

Councillor TS Madume	1,425	290	1,135
Total Councillor Arrear Consumer Accounts	7,288	2,297	4,991

as at 30 June 2014

Councillor KA Lukhalimana	552	441	111
Councillor AS Thambatshira	33	33	-
Councillor xx			
Total Councillor Arrear Consumer Accounts	585	474	111

Non-Compliance with Chapter 11 of the Municipal Finance Management Act

In terms of section 36 of the Municipal SCM regulations, any deviation from SCM policy needs to be approved by the Accounting officer and noted by Council. The expenses incurred, as listed below, have been approved by the Accounting officer and noted by Council. Deviations have been approved in principle subject to controls such as unit cost and costs and budget availability.

Incidents

Total amount approved by the Accounting officer and noted by Council	605,248	1,218,187
---	----------------	------------------

All deviations considered by the Municipal Manager are processed in terms of the SCM regulation and the SCM policy. This process entails being assessed in terms of the stipulated criteria of emergency procurements, availability from only one provider, circumstances where it is impractical or impossible to follow the official procedure, or correction of minor technical breaches.

35

CAPITAL COMMITMENTS

35.1 Commitments in respect of capital expenditure

Contents

- Approved and contracted for	27,691,647	5,181,976
Infrastructure	21,535,358	5,181,976
Community assets (Sports fields)	667,000	
Plants and Equipmennts (Wheel dozer)	5,489,289	-
- Approved but not yet contracted for	25,507,887	34,267,000
Infrastructure	25,507,887	24,355,000
Other	-	9,912,000
Total	53,199,534	39,448,976

This refers to services that has been contracted in terms of appointment letters and orders issued to service providers but work or service has not been rendered or completed at year end.

This expenditure will be financed from:

- External Loans		
- Government Grants	74,734,892	22,855,000
- Own resources	6,156,289	10,712,000
- District Council Grants		
	80,891,181	33,567,000

35.2 OPERATING LEASE COMMITMENTS

The Municipality as lessee

Future minimum lease payments under cancellable operating leases.

Computer hardwares

Contents

36

Payable within one year	316,512	-
Payable within two to five years	369,264	-

Minimum lease payments recognised as an expense during the period amount to R263 760, the lease payments is calculated on a straight line basis over the lease term.

EMPLOYEE BENEFITS

Opening accrued liability	1,833,000	1,723,000
Expense (service and interest cost)	339,000	334,000
Expected return on plan assets - -		
Actuarial (gain)/loss	287,000	(161,000)
Past service cost -		
Effect of curtailment/settlement - -		
Expected benefit payments	(426,000)	(63,000)
Prefunding contributions (towards plan assets) -		
Closing accrued liability	2,033,000	1,833,000
Projected accrued liability		

An actuarial valuation has been performed of the Municipality's liability for long-service leave benefits relating to vested leave benefits, to which employees may become entitled upon completion of 10 service and every five years thereafter. The provision is utilised when eligible employees receive the value of the vested benefits.

The key assumptions used in the valuation with the prior years assumptions show for comparison are summarised below

Discount rate	8.24%	8.40%
CPI	5.98%	6.23%
Salary increase at rate 6.90%	6.98%	7.23%

Contents

Net discount rate	1.18%	1.09%
Mortality SA85-90 SA85-90	SA85-90	SA85-90
Normal retirement age	63	63

37

CONTINGENT LIABILITY

Contractual disputes

The Municipality is being sued by Attorney for demanding payment for work that was not agreed. The Attorney is demanding R196 020 from the Municipality, the Attorney claim to have rendered services to the Municipality and charged exorbitant figures whereas nothing has been done.

38

RELATED PARTIES

Members of key management

Close family member of key management

Associate of close family member of key management

Other related party relationships

Compensation to councillors and other key management (refer to note 24 & 25)

Municipality is involved in an Agency relationship with Department of transport and Vhembe District Municipality. Related party transactions are:

Municipality is collecting traffic fees on behalf of the department and is entitle to commission

Municipality incurs expenditure and collects cash for the provision of water related service on behalf of the District

Municipality is deriving economic beenefit from using office building that was contracted by District.

39

EVENTS AFTER THE REPORTING DATE

Contents

Municipality in order to address the in balance of the past which are relate to workers pay back progression and salary adjustment took a resolution subsequent to year end to pay back pay and adjusted salaries. The cost are deemed significant, thus R2 284 396.10. There is no other event known to the management at the time of preparation that need to be reported after reporting date.

40

KEY SOURCES OF ESTIMATION UNCERTAINTY AND JUDGEMENTS

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant, and equipment

Recoverable amounts of property, plant and equipment

Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)

Present value of defined benefit obligation

Provision for doubtful debts

Impairment of assets

Provision for long-term service award

41

RISK MANAGEMENT

Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

Liquidity risk

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Contents

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

At 30 June 2015	Less than 1 year	Over 5 years
Other financial liabilities	66,937	71,347
Payables from exchange transactions	9,788,297	2,877,901

At 30 June 2014	Less than 1 year	Over 5 years
Other financial liabilities	61,914	187,811
Payables from exchange transactions	15,201,284	

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Council. The

Contents

utilisation of credit limits is regularly monitored.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2015	2014
Other receivables from exchange transactions	93,170	275,829
Other receivables from non-exchange transactions	3,273,739	3,421,333
Cash and cash equivalents	32,874,715	4,281,521

Market risk

Interest rate risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

42 RESTATEMENT OF COMPARATIVE INFORMATION (PRIOR YEAR ERRORS)

42.1 During the year ended 30 June 2013, the following errors were reported and erroneously corrected : this note disclose the effect to accumulated surplus after correct journals were posted in the current year.

The comparative amount has been restated as follows:	Amounts	Reasons
Creditors - Trade Creditors/Finance	(4,254)	Error due to understatement of creditors
Debtors - Property Rates	(120)	Erroneous billing

Contents

Debtors - Refuse	1,320	Erroneous billing
Creditors - Trade Creditors/Finance	(706,903)	Prior year SARS declaration, interest and penalties
Creditors/Dept of Transp/Comm Services	3,808	Error due to understatement of creditors
Creditors - Trade Creditors/Finance	19,498	Error due to understatement of creditors
CG : National Lottery/Corporate Services	1,227,722	Reversal of unspent conditional grant
Intergrated National Electric Programme/Technical	(1,804,322)	Reversal of unspent conditional grant
Property, plant and equipment	(29,175,422)	Various PPE errors corrected in the fixed assets register in the prior year but no journal posted to update the General ledger/Trial balance
CG : Operations & Maintenance	6,698,025	Reversal of unspent conditional grant
Net effect on Statement of Financial Position	(23,740,648)	
Net effect on Accumulated surplus opening balance, Refer to statement of changes in net assets	(23,740,648)	

42.2 Management in review and implementation of audit remedial plan for financial year ended 30 June 2014, discovered mistatements, errors and wrong classification, here by presenting changes in performance & position affected by prior year adjustments.

Recognition of rehabilitation of landfill site provision for landfill site, the reason for the correction of error is that the Municipality was of the opinion that no contractual obligation existed in the past, because of the absent of the licence however constructive obligation existed due to damaged caused by using the site.

below are only those items contained in the statement of financial position and the statement of financial performance that have been affected by the prior-year adjustments.

2014	Note	As previously reported	Correction of errors	Restated
Statement of financial performance				
Income				

Contents

Service charges	542,195	752	542,947
Interest earned - outstanding receivables	529,190	13	529,203
Property rates	2,298,561	(1,000,000)	1,298,561
Government grants and subsidies	88,697,916	15	88,697,931
Total		(999,219)	
Expenditure			
Employee related costs	28,046,887	136	28,047,023
Repairs and maintenance	1,376,036	99,113	1,475,149
Contracted services	1,729,085	90,186	1,819,271
General expenses	10,292,750	2,981,864	13,274,615
Loss on disposal of assets	408,625	(275,081)	133,544
Total		2,896,219	
Net effect on surplus closing balance, Refer to statement of changes in net assets		(3,895,438)	
Statement of financial position			
Assets			
Cash and cash equivalents	4,281,522	(1)	4,281,521
Trade and other receivables from exchange transactions	301,799	(25,970)	275,829
Trade and other receivables from non-exchange transactions	6,202,359	(2,781,026)	3,421,333
VAT receivable	4,129,734	57,016	4,186,750
Property, plant and equipment	80,086,633	3,736,902	83,823,535

Contents

Total		986,921	
Liabilities			
Trade and other payables from exchange transactions	15,201,284	3,184,470	18,385,754
Consumer deposits	213,434	15,824	229,258
Current portion of unspent conditional grants and receipts	4,415,783	(1,227,737)	3,188,046
Current portion of finance lease liability	61,914	(1,800)	60,114
Non-current borrowings	499,751	(111)	499,640
Non-current finance lease	187,811	(47,729)	140,082
Non-current provisions	1,833,000	2,948,502	4,781,502
Total		4,871,419	
Net effect to accumulated surplus		(3,884,498)	

43

COMPARISON WITH THE BUDGET(BUDGET INFORMATION)

The comparison of the Municipality's actual financial performance with that budgeted is set out in the statement comparison budget and actual

4.3.1 Explanation of variances between approved and final budget amounts. The reasons for the variances between the approved and final budgets are mainly due to virements.

Explanation of variances greater than 10%: final budget and actual amounts

4.3.1.1 Statement of financial performance

i Other own revenue

A higher than anticipated transaction on sale of site contributed largely to the increase in Municipality income.

Contents

ii Service charges

The increased is largely caused by reclassification of customers after debtors data cleansing.

iii Investment revenue

The interest earned during the year was higher than anticipated due to the Municipality cash and investment remaining favourable during the year.

iv Debt impairment

The higher impairment cost realised is due to a decrease in debt collection ratio.

v Depreciation & asset impairment

The higher impairment and depreciation cost realised due to aging assets of the Municipality

vi Finance charges

Incease in the numbber of transactions that attracted bank charges

vii Other expenditure

Enforcement of financial austerity and cost containment measures

44

LANDFILL SITE REHABILITATION AND CLOSURE COSTS

Reconciliation in the statement of financial position

Net liability in statement of financial position

Year ending 30
June 2015

Opening obligation

2,948,502

Balance of change in provision of obligation

-

Contents

Interest cost	68,083
Closing obligation	3,016,585

Reconciliation in the statement of financial performance

Item	Year ending 30 June 2015
------	--------------------------

Balance of change in obligation	-
Interest cost	68,083

The provision relates to the rehabilitation of land fill sites. The provision is made in terms of the licensing stipulations. The provision has been determined on the basis of the recent independent study by qualified engineer. At the current valuation date, 30 June 2015 the duration of liabilities is aligned to the life span of the landfill site which is 4 years. As such a discount rate of 8.63% p.a. has been used. This was derived from the yield curve, without a tax adjustment, obtained from the Bond Exchange of South Africa after the market closed on 30 June 2015.

Assumptions	30-Jun-15	30-Jun-14
	8.63%	9.44%
Discount rate (D)	6.66%	6.97%
Consumer price inflation (C)	1.85%	2.31%
Net discount rate $((1+D)/(1+H)-1)$		

44.1 Discounting and closure cost

Summary of discounted value of liability and landfill closure cost

Landfill	NPV 30 June 2014	NPV 30 June 2015
----------	------------------	------------------

Contents

Mutale landfill site	2,948,502	3,016,586
----------------------	-----------	-----------

Present value cost		3,016,586
--------------------	--	-----------

Interest cost		68,083
---------------	--	--------

Landfill	NPV 30 June 2014	NPV 30 June 2015
-----------------	-----------------------------	-----------------------------

Mutale landfill site	2,948,502	3,016,586
----------------------	-----------	-----------

Present value cost		3,016,586
--------------------	--	-----------

Interest cost		68,083
---------------	--	--------

Short term and long term discounted liability for landfill closure cost

Landfill closure	Year ending 30 June 2014	Year ending 30 June 2015
-------------------------	---	-------------------------------------

Short term liability	68,083	55,716
----------------------	--------	--------

Long term liability	2,880,419	2,960,869
---------------------	-----------	-----------

44.2 Disclosure in financial statement

Comparison of the changes in provision

List of variables that changes resulting in the change to the provision	Year ending 30 June 2015	Disclosure
--	---	-------------------

Contents

Effect of discount rate

Decrease in cost to open/ close a borrow pit

Change in site life

Reduction in CPA rate

Effect to the discount rate, site life and the change in engineering units

Interest cost

68,083

Total

68,083

44.3 Unfunded accrued liability

Assets and liabilities associated with landfill closure liability

Landfill closure

**Year
ending 30
June 2014**

**Year ending 30
June 2015**

Value of obligation

2,948,502

3,016,585

Value of assets

-

-

Unfunded accrued of obligation

2,948,502

3,016,585

45

CHANGE IN ACCOUNTING ESTIMATE

In the current year, there was a change in accounting estimate, arising from the re-assessment of the useful lives and residual values of the motor vehicles.

Depreciation using the old basis

104,924

Change in accounting estimate

34,857

Revised depreciation charge

139,781

Contents

Effect to the Current year surplus	(34,857)
------------------------------------	----------